

Mekonomen Group

Year-end report January - December 2021

11 February 2022

Strong end to a historically profitable year

October 1–December 31, 2021

- Net sales increased 9 percent to SEK 3,129 M (2,879). Organic growth was 7 percent.
- Adjusted EBIT amounted to SEK 203 M (287) and the adjusted EBIT margin was 6 percent (10).
- EBIT totaled SEK 173 M (260) and the EBIT margin was 5 percent (9). EBIT was positively impacted by items affecting comparability during the quarter of SEK 3 M (pos: 11).
- Earnings per share, before and after dilution, amounted to SEK 2.09 (3.29).
- Cash flow from operating activities amounted to SEK 192 M (373).
- Net debt was SEK 2,264 M (2,673) at the end of the period, compared with SEK 2,275 M at September 30.
- Restrictions related to covid-19 had a limited impact on the quarter and the comparative period.
- The comparative period was impacted by insurance compensation of SEK 56 M related to the loss of income resulting from the data breach during the second quarter 2020.

January 1–December 31, 2021

- Net sales increased 7 percent to SEK 12,309 M (11,511). Organic growth was 8 percent. Net sales were negatively impacted by currency effects of 2 percent.
- Adjusted EBIT amounted to SEK 1,031 M (937) and the adjusted EBIT margin was 8 percent (8).
- EBIT totaled SEK 894 M (738) and the EBIT margin was 7 percent (6). EBIT was positively impacted by items affecting comparability during the period of SEK 3 M (neg: 44).
- Earnings per share, before and after dilution, amounted to SEK 10.21 (7.67).
- Cash flow from operating activities amounted to SEK 1,227 M (1,625).
- Restrictions related to covid-19 had a limited impact on the period, while the comparative period was adversely impacted by the outbreak of covid-19.
- The data breach impacted the comparative period, but insurance compensation of SEK 63 M largely compensated for the financial impact of the loss of income.
- New financing through the issue of a senior unsecured bond of SEK 1.25 billion during the first quarter.
- At the capital markets day held on February 25, an updated strategy was presented to achieve the long-term financial targets.
- The Board of Directors proposes a dividend of SEK 3,00 (-).

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan - Dec 2021	Jan - Dec 2020	Change, %
Net sales	3 129	2 879	9	12 309	11 511	7
Adjusted EBIT	203	287	-29	1 031	937	10
EBIT	173	260	-34	894	738	21
Profit after financial items	151	247	-39	759	596	27
Profit after tax	118	187	-37	587	446	31
Earnings per share, SEK	2,09	3,29	-36	10,21	7,67	33
Adjusted EBIT margin, %	6	10		8	8	
EBIT margin, %	5	9		7	6	

ADJUSTED EBIT SEK M	Oct-Dec 2021	Oct-Dec 2020	Change, %	Jan - Dec 2021	Jan - Dec 2020	Change, %
EBIT	173	260	-34	894	738	21
Payment of AGS health insurance	12			12		
Impairment of associates	-8			-8		
Costs attributable to restructuring in business area MECA/Mekonomen		5			-50	
Gains from sale of property in business area FTZ		6			6	
Items affecting comparability, total	3	11		3	-44	
"Other items", material acquisition-related items ¹⁾	-34	-38		-141	-155	
Adjusted EBIT	203	287	-29	1 031	937	10

¹⁾ Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen (Sørensen og Balchen until the end of the second quarter 2021 when its amortization was completed).

Strong end to a historically profitable year

2021 will go down in history as the most profitable year ever for Mekonomen Group. The fourth quarter has confirmed our strong position with robust growth and reasonably good profitability, despite some market impact from the increased spread of covid-19 and the reintroduction of restrictions. Overall, we can see continued strong demand, and estimate that we have gained market shares. Looking ahead, I am very optimistic. We have the strength to effectively manage the challenges in the world around us and lead the transition of our industry. We possess a tried and tested ability to generate value through carefully chosen strategic acquisitions. I am convinced that we will continue to deliver profitable growth.

Strong demand in our markets

The fourth quarter continued to demonstrate strong demand in most of our markets. Market development benefited from a slightly colder winter, but was to some extent adversely impacted by the spread of covid-19 and the reintroduction of restrictions in response to rising infection rates. Organic net sales growth was 7 percent, primarily driven by strong growth in Poland and Sweden. A shortage of certain components and disruptions in supply chains had some impact on the market development, but we were proactive in our purchasing and leveraged our strong relationships with suppliers. This ensured good access to spare parts and accessories and enabled us to accumulate some stock during the quarter.

Healthy level of profitability

Profitability remained positive, despite the impact of investments for future growth, such as marketing investments, as well as higher transport costs. Some cost increases, related to a general inflation trend in our operating environment, had a marginal impact. EBIT amounted to SEK 173 M (260) and the EBIT margin was 5 percent (9), including items affecting comparability of SEK 3 M (11). The year-earlier quarter was positively impacted by the payment of insurance compensation of SEK 56 M and government grants of SEK 8 M related to covid-19. The gross margin was 45.4 percent (45.9), as higher volumes and earlier price adjustments could not fully offset negative currency fluctuations and a slight change to the product mix. We are carefully monitoring developments and will take further action as required to safeguard and strengthen our margins.

Strong financial position enables dividend

The Board of Directors proposes a dividend of SEK 3.00 (0.00) per share for 2021, corresponding to a total dividend of SEK 168 M (0). Consideration has been taken to the company's potential acquisition opportunities, financial position, investment needs and future prospects. Net debt decreased to SEK 2,264 M (2,673) and cash flow from operating activities decreased somewhat to SEK 1,227 M (1,625) during the financial year, following some inventory build-up and higher sales. Our net debt/EBITDA decreased to 1.9 times (2.5), which is slightly below our target range and offers an adequate margin to our bank covenants.

Well-positioned for the green transition

Mekonomen Group is a leading participant in the green transition that the automotive aftermarket is undergoing. At the beginning of the quarter, we achieved the target that 1,500 of our workshops shall comply with level 1 of the E+ standard. This provides a guarantee that the right expertise and equipment are available to take care of the majority of work required on modern electric cars. Our head start offers favorable conditions to achieve the target of becoming the preferred choice for electric car owners in Northern Europe. We are continuing to rapidly raise the level of expertise, expand the product range and develop services as more companies and consumers switch to electric cars. We now cover a satisfactory range of the spare parts needs of the 30 most popular electric car models in our markets, and are working quickly to achieve full coverage in 2022.

Top-class, future-proof logistics

One of our greatest strengths is highly efficient logistics. This enables rapid deliveries, increased availability, and better working conditions at the same time as we reduce the risk of disruption. We are also meeting the increased environmental requirements and can continue the digitization of the value chain at full force. Confirmation of our extensive expertise in this field came in October when we received the Retail Award in the category for Logistics Initiative of the Year. We received the award for our logistics transformation when we merged our two Swedish central warehouses. Today, 70 percent of our order rows in the Swedish central warehouse are handled by the automated logistics solution.

A historic year – when we continued to benefit from earlier acquisitions

We can now look back on the best-ever year in terms of earnings since Mekonomen Group was founded 49 years ago. Our financial position is strong and we can not only pay a dividend to our shareholders but also invest in profitable growth, both organically and through acquisitions. Our carefully chosen strategic acquisitions in particular continue to generate long-term value in the Group. FTZ in Denmark, Inter-Team in Poland and Sørensen og Balchen in Norway are all examples of acquired companies that are increasingly making a positive contribution to our growing profitability. Partly due to their successful efforts in their respective markets, but also as a result of the substantial synergies we have created in the Group. This is an important element in our proven strategy for sustainable value generation that we will continue to follow. I am proud of what the Group has achieved during the year and would like to say a huge thank you to all employees and shareholders.

Pehr Oscarson
President and CEO

THIS IS MEKONOMEN GROUP

Vision

We enable mobility – today, tomorrow and in the future.

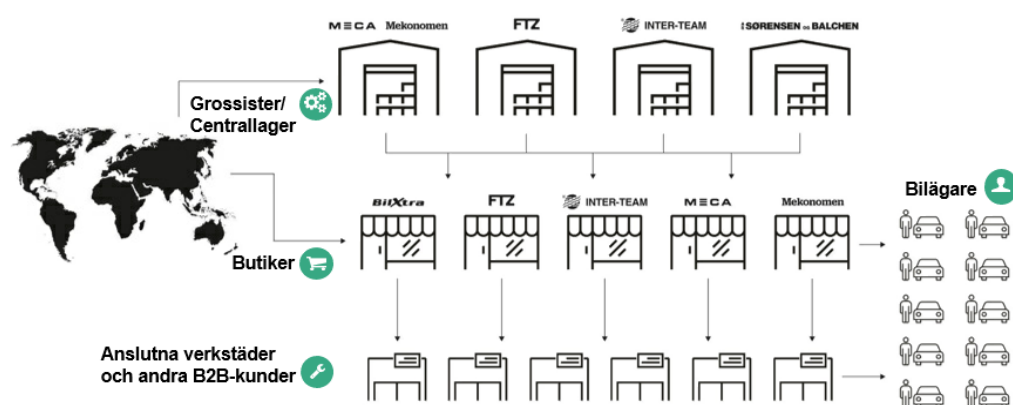
Business concept

We are an international Group that operates and develops business in the automotive aftermarket. We focus on growth, collaboration, synergies and driving sustainable and digital development in our industry. Our business concept is timeless and is based on enabling mobility – today, tomorrow and in the future – as technology evolves and vehicles are used in new ways.

We satisfy the need for services and products to vehicle workshops and other companies through our market-leading concepts, distribution network and our efficient logistics chain. Our concepts are directed at private and commercial vehicle owners, for whom we meet vehicle service and maintenance needs.

Business flow

Mekonomen Group has a central purchasing function supporting all four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen. The supply of goods is mainly from Europe and Asia via leading European suppliers. The business areas conduct wholesale and logistics operations as well as sales through our branch and workshop concepts in each market. Sales to companies account for over 90 percent of Group sales.



GROUP REVENUE

TOTAL REVENUE	Oct-Dec	Oct-Dec		Jan - Dec	Jan - Dec	
DISTRIBUTION, SEK M	2021	2020	Change, %	2021	2020	Change, %
Net sales, external per business area						
FTZ	902	867	4	3 480	3 369	3
Inter-Team	515	457	13	2 091	1 988	5
MECA/Mekonomen ¹⁾	1 499	1 369	10	5 857	5 363	9
Sørensen og Balchen	207	187	11	873	791	10
Central functions ¹⁾	6	0	3374	7	1	980
Total net sales, Group	3 129	2 879	9	12 309	11 511	7
Other operating revenue	89	121	-27	243	253	-4
GROUP REVENUE	3 218	3 000	7	12 552	11 763	7

Revenue distribution per country and business area is presented in the table on page 14.

¹⁾ External operations in ProMeister Solutions are recognized as of 2021 in MECA/Mekonomen. Comparative figures have been restated.

GROWTH NET SALES PERCENT	FTZ		Inter-Team		MECA/Mekonomen		Sørensen og Balchen		Group	
2021	Q4	Jan-Dec	Q4	Jan-Dec	Q4	Jan-Dec	Q4	Jan-Dec	Q4	Jan-Dec
Organic growth	5,0	6,8	17,1	12,6	5,1	7,7	2,7	8,3	7,2	8,4
Effect from acquisitions/divestments	0,6	0,1	0,0	0,0	0,5	0,6	0,0	0,0	0,2	0,3
Currency effects	-1,4	-3,3	-4,5	-6,6	2,2	0,7	6,6	2,1	0,3	-1,6
Effect, workdays	0,0	-0,4	0,0	-0,8	1,6	0,3	1,7	0,0	0,9	-0,1
Growth net sales	4,1	3,3	12,5	5,2	9,5	9,2	11,0	10,4	8,7	6,9

October 1–December 31, 2021

Net sales increased 9 percent to SEK 3,129 M (2,879). Organic growth was 7 percent. The increase in sales, was due to current and new operations. The number of workdays was unchanged in Denmark and Poland, one day more in Norway and Sweden, and one day less in Finland compared with the preceding year.

January 1–December 31, 2021

Net sales increased 7 percent to SEK 12,309 M (11,511). Organic growth was 8 percent. The increase in sales, despite negative currency effects of 2 percent, which corresponds to SEK 186 M, was due to a healthy recovery compared with the preceding year and growth in current and new operations. The number of workdays was unchanged in Norway, one day more in Sweden, one day fewer in Denmark and Finland and two days fewer in Poland for the full-year compared with the preceding year.

GROUP PERFORMANCE

October 1–December 31, 2021

Adjusted EBIT

Adjusted EBIT amounted to SEK 203 M (287) and the adjusted EBIT margin was 6 percent (10). Currency effects in the balance sheet had a positive impact of SEK 8 M (pos: 8) on adjusted EBIT during the quarter. Adjusted EBIT was positively impacted in the comparative period by support of SEK 8 M due to the covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support, primarily in the Inter-Team and Sørensen og Balchen business areas. Restrictions related to covid-19 had a limited impact on the quarter and the comparative period. The comparative period includes insurance compensation of SEK 56 M, mainly pertaining to loss of income during the second quarter of 2020, which was recognized as other operating revenue.

EBIT

EBIT amounted to SEK 173 M (260) and the EBIT margin was 5 percent (9). EBIT was positively impacted by items affecting comparability during the quarter of SEK 3 M (11), attributable to a payment from AGS health insurance of SEK 12 M and impairment of Lasingoo of SEK 8 M. Items affecting comparability for the preceding year were attributable to the reversal of previous reserves for structural measures implemented in the MECA/Mekonomen business area of SEK 5 M and property sold in FTZ of SEK 6 M. EBIT was positively impacted in the comparative period by support of SEK 8 M due to the covid-19 pandemic in respect of reduced employer contributions, sick pay support and short-term working support, mainly in the Inter-Team and Sørensen og Balchen business areas. Currency effects in the balance sheet had a positive impact in the quarter of SEK 8 M (8). Restrictions related to covid-19 had a limited impact on the quarter and the comparative period. The comparative period includes insurance compensation of SEK 56 M, mainly pertaining to loss of income during the second quarter of 2020, which was recognized as other operating revenue.

Other earnings

Profit after financial items amounted to SEK 151 M (247). Net interest expense was SEK 24 M (expense: 28) and other financial items amounted to income of SEK 3 M (15). Profit after tax amounted to SEK 118 M (187). Earnings per share, before and after dilution amounted to SEK 2.09 (3.29).

January 1–December 31, 2021

Adjusted EBIT

Adjusted EBIT amounted to SEK 1,031 M (937) and the adjusted EBIT margin was 8 percent (8). Currency effects in the balance sheet had a positive impact of SEK 10 M (neg: 18) on adjusted EBIT for the period. Adjusted EBIT was positively impacted in the comparative period by support of SEK 48 M due to the covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support, primarily in the MECA/Mekonomen, Inter-Team and Sørensen og Balchen business areas. Restrictions related to covid-19 had a limited impact on the period, while the comparative period was negatively impacted by the outbreak of covid-19 and was substantially impacted by currency effects. The comparative period includes insurance compensation that largely offset loss of income that arose during the second quarter due to the data breach.

EBIT

EBIT amounted to SEK 894 M (738) and the EBIT margin was 7 percent (6). EBIT was positively impacted by items affecting comparability during the quarter of SEK 3 M (neg: 44), attributable to a payment from AGS health insurance of SEK 12 M and impairment of Lasingoo of SEK 8 M. Items affecting comparability for the preceding year were attributable to structural measures implemented in the MECA/Mekonomen business area. EBIT was positively impacted in the comparative period due to support of SEK 48 M due to the covid-19 pandemic in the form of reduced employer contributions, sick pay support and short-term working support, primarily in the MECA/Mekonomen, Inter-Team and Sørensen og Balchen business areas. Currency effects in the balance sheet had a positive impact of SEK 10 M (neg: 18) on EBIT. Restrictions related to covid-19 had a limited impact on the period, while the comparative period was adversely impacted by the outbreak of covid-19 and was substantially impacted by currency effects. The comparative period includes insurance compensation that largely offset loss of income that arose during the second quarter due to the data breach.

Other earnings

Profit after financial items amounted to SEK 759 M (596). Net interest expense amounted to SEK 106 M (expense: 123) and other financial items amounted to an expense of SEK 29 M (expense: 19). Profit after tax amounted to SEK 587 M (446). Net financial items for the full-year period also include costs arising from the new financing and the early termination of previous financing and interest-rate swaps. Earnings per share, before and after dilution, amounted to SEK 10.21 (7.67).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in the fourth quarter amounted to SEK 192 M (373) and for the full-year to SEK 1,227 M (1,625). Tax paid amounted to SEK 4 M (27) for the fourth quarter and SEK 192 M (170) for the full year. Cash and cash equivalents amounted to SEK 892 M (420). The equity/assets ratio was 40 percent (38). Long-term interest-bearing liabilities amounted to SEK 4,177 M (3,911) including a long-term lease liability of SEK 1,181 M (1,168). Current interest-bearing liabilities amounted to SEK 664 M (1,043), including a current lease liability of SEK 467 M (432). During the year, supports utilized in 2020 in Denmark and Sweden were repaid as planned, at the same time as new support were received in Denmark. In total, these deferred VAT, employer contributions and tax payments amounted to approximately SEK 98 M as of December 31, compared with SEK 132 M at September 30, SEK 131 M at June 30, SEK 163 M at March 31, and SEK 208 M at the end of the previous year. These deferred payments will be repaid in forthcoming periods until the first quarter of 2023 and will then have a negative impact on cash flow and the debt/equity ratio.

Net debt amounted to SEK 2,264 M (2,673), representing a decrease of SEK 409 M compared with the preceding year. The changes to net debt during the year were primarily impacted by a new financing structure, change in operating EBIT, change in working capital, investments and currency fluctuations. In the first quarter, a senior unsecured bond was issued for SEK 1,250 M, which was partly used for the early termination of the revolving credit facility (RCF) of SEK 801 M and previous loans of SEK 90 M. In addition to this, loan repayments according to plan totaled SEK 51 M during the quarter and SEK 238 M during the full-year and an extra repayment was made of SEK 51 M, which was postponed following the outbreak of covid-19 during the first quarter of 2020. Mekonomen's available cash and unutilized credit facilities totaled approximately SEK 2,004 M at the end of December, compared with SEK 1,442 M at year end of the previous year and SEK 2,044 M at the end of the previous quarter. The company fulfills all covenants in the loan agreements as of December 31, 2021.

INVESTMENTS

During the fourth quarter, investments in fixed assets amounted to SEK 131 M (132) including leases of SEK 86 M (77) and during the full year investments were SEK 682 M (510), with leases of SEK 509 M (358). The large increase in leases is mainly related to rental contracts due to new rental contracts but also extended durations and raised rental charges in existing contracts. Other investments are mainly related to workshop profiling, workshop customization, workshop equipment, inventories to branches, warehouses and workshops and IT investments. Depreciation and impairment of tangible fixed assets and right-of-use assets amounted to SEK 149 M (145) in the fourth quarter and to SEK 582 M (606) for the full year.

Company and business acquisitions amounted to SEK 13 M (–) during the fourth quarter and to SEK 36 M (52) in the full year, of which SEK – M (–) pertained to an estimated supplementary purchase consideration for the fourth quarter and SEK 2 M (5) for the full year. During the quarter, SEK – M (–) was paid in supplementary purchase considerations and SEK 4 M (2) in the full year. Acquired assets amounted to SEK 35 M (33) and assumed liabilities to SEK 19 M (22) for the full year. Aside from goodwill, which amounted to SEK 16 M (25), intangible surplus values of SEK 5 M (47) were identified for customer relations and SEK 9 M (–) for IT systems for the full year. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK 3 M (8) for the full year. Acquired non-controlling interests amounted to SEK 0 M (–) for the fourth quarter and SEK 27 M (11) for the full year. Divested non-controlling interests amounted to SEK 0 M (–) in the fourth quarter and SEK 0 M (–) for the full year. Divested businesses amounted to SEK – M (–) in the fourth quarter and to SEK 2 M (1) in the full year.

ACQUISITIONS AND START-UPS

Fourth quarter

FTZ acquired 70 percent of Vantage in Denmark, which is a leading player in lubricating oil, especially in the field of recommendations and support.

Earlier in the year

MECA/Mekonomen acquired a workshop in Karlstad and a former partner branch in Vetlanda in Sweden and a partner branch in Bergen in Norway and Sørensen og Balchen acquired one workshop in Drammen in Norway.

MECA/Mekonomen also started up a new branch in Gjøvik in Norway, Sørensen og Balchen started up a branch in Stavanger in Norway and Inter-Team has started up two branches in Tychy and Oddział in Poland.

Number of branches and workshops

At the end of the period, the total number of branches in the chains was 479 (475), of which 401 (396) were proprietary branches. The number of affiliated workshops totaled 3,721 (3,568). See the distribution in the table on page 16.

EMPLOYEES

During the period, the average number of employees was 5,118 (4,912). See the distribution in the table on page 16.

PERFORMANCE BY BUSINESS AREA

As of the first quarter of 2019, the Group reports in four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

BUSINESS AREA FTZ

FTZ	Oct-Dec	Oct-Dec		Jan - Dec	Jan - Dec	
SEK M	2021	2020	Change, %	2021	2020	Change, %
Net sales, external	902	867	4	3 480	3 369	3
EBIT	75	76	-1	352	331	6
EBIT margin, %	8	9		10	10	
No. of branches/of which proprietary				50 / 50	51 / 51	
No. of AutoMester				404	409	
No. of Hella Service Partner				305	322	
No. of Din BilPartner				150	152	
No. of CarPeople				60	47	

The FTZ business area mainly includes wholesale and branch operations in Denmark.

In the fourth quarter, net sales rose 4 percent to SEK 902 M (867), negatively impacted by currency effects of SEK 12 M. The sales trend was healthy with organic growth of 5 percent, positively impacted by high market activity. Access to spare parts and accessories remained favorable. The number of digital bookings rose sharply compared with the year-earlier quarter.

EBIT amounted to SEK 75 M (76) and the EBIT margin was 8 percent (9) for the quarter. The slightly weaker earnings were mainly due to higher marketing and transport costs compared with the year-earlier quarter. The year-earlier quarter was positively impacted in an amount of SEK 6 M from the sale of a property. The gross margin was unchanged compared with the year-earlier quarter, as higher volume-based supplier bonuses and price adjustments fully offset a slight change to the product mix.

In the fourth quarter, the number of workdays was unchanged in Denmark compared with the year-earlier quarter.

BUSINESS AREA INTER-TEAM

INTER-TEAM	Oct-Dec	Oct-Dec		Jan - Dec	Jan - Dec	
SEK M	2021	2020	Change, %	2021	2020	Change, %
Net sales, external	515	457	13	2 091	1 988	5
EBIT	31	38	-17	102	86	18
EBIT margin, %	6	8		5	4	
No. of branches/of which proprietary				85 / 83	82 / 79	
No. of Inter Data Service				546	450	
No. of O.K. Serwis				245	211	

The Inter-Team business area mainly includes wholesale and branch operations in Poland and export business.

Net sales increased 13 percent to SEK 515 M (457) in the fourth quarter. Currency effects had a negative impact on net sales of SEK 21 M. Organic growth was 17 percent, primarily driven by sustained high activity in the Polish market. Export sales performed positively during the quarter, mainly to Germany, Slovakia and the Czech Republic.

EBIT amounted to SEK 31 M (38) during the quarter and the EBIT margin was 6 percent (8). Support for personnel-related costs from the Polish government had a positive impact on EBIT of approximately SEK 7 M in the comparative period. The earnings trend was negatively impacted by higher personnel costs and transport costs compared with the year-earlier quarter. The gross margin improved during the quarter, when increased volumes, price adjustments and higher supplier bonuses more than offset higher purchase prices mainly due to adverse currency fluctuations.

In the fourth quarter, the number of workdays was unchanged in Poland compared with the year-earlier quarter.

BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN ¹⁾	Oct-Dec	Oct-Dec		Jan - Dec	Jan - Dec	
SEK M	2021	2020	Change, %	2021	2020	Change, %
Net sales, external	1 499	1 369	10	5 857	5 363	9
EBIT	79	160	-50	447	352	27
EBIT margin, %	5	11		7	6	
No. of branches/of which proprietary				278 / 229	277 / 229	
No. of Mekonomen Bilverkstad				768	759	
No. of MECA Car Service				729	725	
No. of MekoPartners				191	191	
No. of Speedy				43	42	
No. of MECA Tungbil				20	-	
No. of AlltiBil				7	7	

¹⁾ External operations in ProMeister Solutions are recognized as of 2021 in MECA/Mekonomen. Comparative figures have been restated.

The MECA/Mekonomen business area mainly includes wholesale, branch, workshop and fleet operations in Sweden, Norway and Finland. The business area comprises MECA, Mekonomen and a number of smaller operations.

Net sales for the fourth quarter increased 10 percent to SEK 1,499 M (1,358), of which SEK 943 M (851) in the Swedish operations, SEK 526 M (493) in the Norwegian operations and SEK 30 M (25) in the Finnish operations. The currency effect had a positive impact on net sales of SEK 31 M. Organic growth was 5 percent. Activity in the Swedish market remained strong for much of the quarter. In Norway, the sales trend was weaker compared with the year-earlier quarter, partly due to rising infection rates for covid-19.

EBIT amounted to SEK 79 M (160) and the EBIT margin was 5 percent (11) in the fourth quarter. The comparative quarter was positively affected by the payment of insurance compensation of SEK 56 M following the IT breach experienced by the business area in spring 2020 and positive items affecting comparability of SEK 5 M due to the reversal of previous reserves for structural measures. Earnings were also impacted by investments for future growth, such as marketing investments, as well as higher transport costs. Items affecting comparability of SEK 12 M (5) were reported for the quarter, related to a payment from AGS health insurance.

In the fourth quarter, the number of workdays was one day more in Sweden and Norway, and one day less in Finland, compared with the year-earlier quarter.

BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN	Oct-Dec	Oct-Dec		Jan - Dec	Jan - Dec	
SEK M	2021	2020	Change, %	2021	2020	Change, %
Net sales, external	207	187	11	873	791	10
EBIT	37	34	9	185	170	9
EBIT margin, %	18	18		21	21	
No. of branches/of which proprietary				66 / 39	65 / 37	
No. of BilXtra workshops				253	253	

The Sørensen og Balchen business area mainly includes wholesale and branch operations in Norway. Sørensen og Balchen is the business area in the Group with the largest share of direct sales to consumers and is therefore more exposed to the retail trade than the Group as a whole.

Net sales in the fourth quarter increased 11 percent to SEK 207 M (187). Currency effects had a positive impact on net sales of SEK 12 M. Organic growth was 3 percent. Sales to both the wholesaler and consumer segments noted a positive trend during the quarter.

EBIT amounted to SEK 37 M (34) and the EBIT margin was 18 percent (18) for the quarter. The rise in earnings is primarily due to increased volumes and continued effective cost control. Gross margin was unchanged compared with the year-earlier quarter, as price adjustments and high supplier bonuses offset a slight change to the product mix.

In the fourth quarter, there was one more workday in Norway compared with the year-earlier quarter.

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen Group has limited seasonal effects in its operations. However, the number of workdays affects sales and earnings and extreme summer or winter weather can also impact sales.

WORKDAYS BY COUNTRY	Q1			Q2			Q3			Q4			Full-year		
	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019
Denmark	63	64	63	59	59	59	66	66	66	63	63	62	251	252	250
Finland	62	63	63	61	60	60	66	66	66	62	63	61	251	252	250
Norway	63	64	63	59	59	58	66	66	66	64	63	62	252	252	249
Poland	62	63	63	61	62	61	66	66	65	63	63	62	252	254	251
Sweden	62	63	63	61	60	59	66	66	66	64	63	62	253	252	250

SIGNIFICANT RISKS AND UNCERTAINTIES

Mekonomen Group is exposed to a number of external, operating and financial risks. All identified risks are monitored continuously and, if necessary, risk-reducing measures are taken to limit the effects. The company conducted a review and assessment of operating and financial risks and uncertainties in accordance with the 2020 Annual Report and found that no new significant risks have occurred since then. The most relevant risk factors are described in the 2020 Annual Report, page 26 and Note 11. For the effect of exchange-rate fluctuations on profit before tax, refer to page 36 of the 2020 Annual Report.

Mekonomen Group has, through its Risk and Compliance Committee (RCC), which consists of Group Management and the Group's risk manager, a particular focus on identifying critical changes in the area of risk. The risk manager and CFO maintain frequent dialogues with business area managers to limit the risks and prevent these from occurring. This process is conducted with various stakeholders, the Board and the Audit Committee.

PARENT COMPANY, "CENTRAL FUNCTIONS" AND "OTHER ITEMS"

The Parent Company's operations mainly comprise Group Management. The Parent Company's earnings after net financial items were a negative SEK 24 M (pos: 81) for the fourth quarter and a negative SEK 173 M (pos: 4) for the full year excluding dividends from subsidiaries of SEK 530 M (474) from subsidiaries for the full year. The large difference compared with the year-earlier period is mainly due to currency fluctuations. Financial items for the full year also include costs arising from the new financing, early termination of previous financing and interest-rate swaps. The average number of employees in the Parent Company was 6 (6). During the fourth quarter, Mekonomen AB sold goods and services to Group companies for a total of SEK 15 M (17), and for SEK 47 M (43) for the full year.

"Central functions" comprise Group-wide functions that also include Mekonomen AB. Group-wide functions comprise functions that support the Group's work: finance and controlling, risk management and internal audit, sustainability, legal, business development, communication and market, HR and operations, which comprises purchasing, product range, logistics and IT. The units reported in "Central functions" do not reach the quantitative thresholds for separate reporting, and the benefits of reporting these segments separately are considered limited for users of financial statements. EBIT for "Central functions" was a negative SEK 16 M (neg: 9) for the fourth quarter and negative SEK 51 M (neg: 46) for the full year.

"Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items are amortizations of acquired intangible assets pertaining to the acquisitions of MECA, FTZ and Inter-Team amounting to an expense of SEK 34 M (expense: 38) for the fourth quarter, and an expense of SEK 141 M (expense: 155) for the full year, which also includes Sørensen og Balchen. During the second quarter, acquired intangible assets relating to Sørensen og Balchen were written off in full and amortization has therefore been concluded.

EVENTS DURING THE PERIOD

On March 11, 2021, Mekonomen Group issued a senior unsecured bond of SEK 1.25 billion, within a framework amount of SEK 2 billion, maturing on March 18, 2026. The bond has an interest rate of 3m Stibor +250 basis points. The issue attracted strong interest from Nordic investors and was oversubscribed. The bond proceeds have been used to refinance existing bank debt and for general corporate purposes. On April 12, Mekonomen AB was approved as an issuer of fixed income instruments by Nasdaq Stockholm. The bond issued on March 11 was therefore admitted to trading on Nasdaq Stockholm's corporate bond list. The first day of trading was April 14, 2021.

Mekonomen Group's Annual General Meeting was held on May 7, 2021. Robert Hanser and Michael Løve were elected as new Board members and Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson and Helena Skåntorp were re-elected as Board members. Robert Hanser was elected Chairman of the Board. Board Chairman John S. Quinn and Board member Arja Taaveniku informed the Nomination Committee that they were refraining from re-election at the 2021 Annual General Meeting. For other decisions and documentation, see Mekonomen Group's website, www.mekonomen.com.

During the second quarter, a long-term, share-based incentive program was launched as resolved by the AGM on May 7, 2021, LTIP 2021. The main motivation for establishing LTIP 2021 is to connect shareholders' and company management and other key individuals' interests to ensure maximum long-term value generation and to encourage individual share ownership in Mekonomen.

For a more detailed description of LTIP 2021, refer to information from the AGM on May 7, 2021 at www.mekonomen.com

COVID-19 AND ITS IMPACT ON FINANCIAL STATEMENTS IN THE FOURTH QUARTER

During the period, covid-19 had a limited impact in markets where Mekonomen Group conducts business. For further information on this, refer to the section “Financial position and cash flow” and the description of developments given by each business area.

Mekonomen Group has continued to carefully monitor the development of covid-19 and any changes to restrictions imposed in the Group’s markets. Further measures in addition to those already taken may therefore be needed. We also have continued focus on the health and safety of our employees, customers and suppliers.

Goodwill

In conjunction with the annual accounts, standard assessments were carried out of the impairment requirement for goodwill and other intangible assets with an indefinite useful life. According to these assessments, there is no indication of impairment for goodwill and other intangible assets with indefinite useful lives as at December 31, 2021.

Reduced employer contributions, sick pay support and short-time working support and support for personnel-related costs

Relief and grants relating to covid-19 had no impact on EBIT for Mekonomen Group during the quarter.

Inventories

As of December 31, the effects of the covid-19 pandemic have not had any significant impact on the valuation of inventories. The inventory value has, however, increased due to uncertainty in the supply chain.

Credit losses

As of December 31, there is no indication of the need to expand credit loss reserves.

Financial position

During the quarter, focus has remained on securing liquidity and cash flow. Liquidity and cash flow during the quarter were favorable, largely thanks to positive earnings, the new financing and continued support in the form of the postponement of VAT and tax payments. During the quarter, no new support was received though earlier support has been repaid. In total, these grants totaled approximately SEK 98 M at the end of the quarter.

EVENTS AFTER THE END OF THE PERIOD

No significant events occurred after the end of the reporting period.

ACCOUNTING POLICIES

Mekonomen Group applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This interim report was prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting. The same accounting policies and measurement methods were applied as in the most recent Annual Report. This interim report consists of pages 1–22 and should be read in its entirety.

The Parent Company prepares its accounts in accordance with the Swedish Annual Accounts Act and RFR 2 and applies the same accounting policies and measurement methods as in the most recent Annual Report.

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line should correspond to its source, and rounding differences may therefore arise.

FORTHCOMING FINANCIAL REPORTING DATES

Information	Period	Date
Year-end report	January–December 2021	2022-02-11
Interim report	January–March 2022	2022-05-11
Interim report	January–June 2022	2022-08-24
Interim report	January–September 2022	2022-11-02
Year-end report	January–December 2022	2023-02-15

ANNUAL GENERAL MEETING

The 2021 Annual General Meeting (AGM) will be held on May 20, 2022 in Stockholm. The Annual Report will be published and available on Mekonomen's website by April 14, 2021. Depending on the situation with covid-19 and infection rates in the spring, a new decision may be taken as to whether a physical AGM can take place.

SHARE DIVIDEND

The Board proposes a dividend of SEK 3,00 (-), corresponding to a total dividend of SEK 168 M (-)

NOMINATION COMMITTEE

In accordance with the guidelines established at the AGM on May 7, 2021, Mekonomen has established a Nomination Committee. Prior to the 2022 AGM, the Nomination Committee consists of Robert Hanser (LKQ Corporation), Thomas Wuolikainen (Fourth Swedish National Pension Fund), Kristian Åkesson (Didner & Gerge Fonder AB), and Caroline Sjösten (Swedbank Robur Fonder). Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. At the first Nomination Committee meeting, Robert Hanser was appointed Chairman of the Nomination Committee.

Prior to the Annual General Meeting on May 20, 2022, the Nomination Committee of Mekonomen Aktiebolag proposes re-election of board members Robert M. Hanser, Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson and Helena Skåntorp. Robert Hanser is proposed to be elected Chairman of the Board. The other proposals of the Nomination Committee will be presented in the notice to the Annual General Meeting.

Stockholm February 11, 2022
Mekonomen AB (publ), Corp. Reg. No. 556392-1971

Pehr Oscarson
President and CEO

This report has not been subject to review by the Company's auditors.

For further information, please contact:
Pehr Oscarson, President and CEO, Mekonomen AB, Tel +46 (0)8-464 00 00
Åsa Källenius, CFO, Mekonomen AB, Tel +46 (0)8-464 00 00
Fredrik Sätterström, IRO, Mekonomen AB, Tel +46 (0)8-464 00 00

This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Market Act.

The information was submitted for publication, through the agency of the contactperson set out above on February 11, 2022 at 07:30.

The interim report is published in Swedish and English. The Swedish version is the original version and has been translated into English.

CONSOLIDATED FINANCIAL REPORTS

CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Net sales	3 129	2 879	12 309	11 511
Other operating revenue	89	121	243	253
Total revenue	3 218	3 000	12 552	11 763
Goods for resale	-1 708	-1 558	-6 709	-6 318
Other external costs	-430	-349	-1 490	-1 403
Personnel expenses	-703	-631	-2 653	-2 469
Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets (EBITDA)	377	463	1 699	1 574
Depreciation and impairment of tangible fixed assets and right-of-use assets	-149	-145	-582	-606
Operating profit before amortization and impairment of intangible fixed assets (EBITA)	229	318	1 117	968
Amortization and impairment of intangible fixed assets	-56	-58	-223	-230
EBIT	173	260	894	738
Interest income	2	3	9	10
Interest expenses	-26	-30	-115	-133
Other financial items	3	15	-29	-19
Profit after financial items	151	247	759	596
Tax	-33	-60	-172	-150
PROFIT FOR THE PERIOD	118	187	587	446
Profit for the period attributable to:				
Parent Company's shareholders	117	185	572	432
Non-controlling interests	1	2	14	15
PROFIT FOR THE PERIOD	118	187	587	446
Earnings per share before and after dilution, SEK	2,09	3,29	10,21	7,67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Profit for the period	118	187	587	446
Other comprehensive income:				
<i>Components that will not be reclassified to profit/loss for the year:</i>				
– Actuarial gains and losses	0	0	-3	5
<i>Components that may later be reclassified to profit/loss for the year:</i>				
– Exchange-rate differences from translation of foreign subsidiaries	43	-201	154	-291
– Hedging of net investments ¹⁾	-14	85	-60	108
– Cash-flow hedges ²⁾	3	2	9	-4
Other comprehensive income, net after tax	32	-113	100	-182
COMPREHENSIVE INCOME FOR THE PERIOD	150	74	687	265
Comprehensive income for the period attributable to:				
Parent Company's shareholders	148	72	669	253
Non-controlling interests	2	1	18	12
COMPREHENSIVE INCOME FOR THE PERIOD	150	74	687	265

¹⁾ Loans raised in EUR in conjunction with acquisitions in Denmark hedge the currency risk in the net investment and loans in NOK until the start of the first quarter of 2021 as well as cross-currency swaps entered into in the first quarter of 2021, which hedge net investment in Norway. The currency translation is recognized in accordance with IFRS 9.

²⁾ Holding of financial interest-rate derivatives for hedging purposes, according to Level 2 measurements defined in IFRS 13.

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	December 31 2021	December 31 2020	December 31 2019
ASSETS ¹⁾			
Intangible fixed assets	5 394	5 410	5 697
Tangible fixed assets	436	448	465
Right-of-use assets	1 651	1 606	1 818
Financial fixed assets	94	98	101
Deferred tax assets	3	1	-
Goods for resale	3 021	2 704	2 854
Current receivables	1 738	1 506	1 580
Cash and cash equivalents	892	420	355
TOTAL ASSETS	13 229	12 193	12 870
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	5 229	4 595	4 335
Long-term liabilities, interest-bearing	2 996	2 743	3 333
Long-term lease liabilities	1 181	1 168	1 323
Deferred tax liabilities	357	388	428
Long-term liabilities, non-interest-bearing	45	16	20
Current liabilities, interest-bearing	198	611	748
Current lease liabilities	467	432	457
Current liabilities, non-interest-bearing	2 757	2 240	2 227
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	13 229	12 193	12 870

¹⁾ The carrying amounts of financial assets and liabilities are measured at either fair value or a reasonable approximation of fair value.

CONDENSED CONSOLIDATED CHANGES IN SHAREHOLDERS' EQUITY, SEK M	December 31 2021	December 31 2020	December 31 2019
Shareholders' equity at the beginning of the year	4 595	4 335	3 853
Comprehensive income for the period	687	265	492
Share swap	-20	-18	-
Repurchase of own shares	-	-	-2
Acquisition/divestment of non-controlling interests	-20	13	-6
Shareholders' contributions from minority shareholders	-	2	7
Dividend to shareholders	-19	-4	-9
Share savings program	7	2	1
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	5 229	4 595	4 335
Of which non-controlling interests	55	68	32

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	365	449	1 617	1 494
Tax paid	-4	-27	-192	-170
Cash flow from operating activities before changes in working capital	361	422	1 425	1 324
Cash flow from changes in working capital:				
Changes in inventory	-210	-113	-236	2
Changes in receivables	149	228	-201	15
Changes in liabilities	-108	-163	239	284
<i>Increase (-)/Decrease (+) working capital</i>	<i>-169</i>	<i>-49</i>	<i>-198</i>	<i>301</i>
Cash-flow from operating activities	192	373	1 227	1 625
Cash flow from investing activities	-49	-48	-201	-186
Cash flow from financing activities	-180	-298	-569	-1 339
CASH FLOW FOR THE PERIOD	-38	27	457	100
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	924	423	420	355
Exchange-rate differences in cash and cash equivalents	6	-30	15	-35
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	892	420	892	420

INFORMATION ABOUT FINANCIAL INSTRUMENTS RECOGNIZED AT FAIR VALUE IN THE BALANCE SHEET

The financial instruments measured at fair value in the balance sheet are shown below. This was carried out by dividing the measurements into three levels, which are described in the 2020 Annual Report, Note 11. All of Mekonomen's financial instruments measured to fair value are included in Level 2, excluding supplementary purchase considerations, which are included in Level 3. However, current supplementary purchase considerations do not represent material amounts.

The main methods and assumptions used to determine the fair value of the financial instruments shown in the table below are described in the 2020 Annual Report, Note 11. In addition to the financial instruments included in the 2020 annual accounts, an agreement was entered into concerning cross-currency swaps during the first quarter of 2021 to hedge the currency risk of net investments in Norway. The financial instruments contained in the interim report are the same as those in the 2020 annual accounts.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	December 31 2021	December 31 2020
FINANCIAL ASSETS		
Derivatives: Cross-currency swaps	-	-
Interest-rate swaps	3	-
TOTAL	3	-
FINANCIAL LIABILITIES		
Derivatives: Cross-currency swaps	14	-
Interest-rate swaps	3	12
TOTAL	17	12

GROUP'S FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT CATEGORY, DECEMBER 31, 2021

SEK M	Instruments measured at fair value through Income Statement	Financial assets acquired acquisition value	Financial liabilities acquired acquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	65	-	65	65	26	91
Derivative instruments ²⁾	3	-	-	3	3	-	3
Accounts receivable	-	974	-	974	974	-	974
Other current receivables	-	-	-	-	-	764	764
Cash and cash equivalents	-	892	-	892	892	-	892
TOTAL	3	1 931	-	1 934	1 934	790	2 724
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing ¹⁾	-	-	2 979	2 979	2 979	-	2 979
Long-term lease liabilities	-	-	1 181	1 181	-	-	1 181
Long-term liabilities, non-interest-bearing	-	-	-	-	-	40	40
Derivative instruments ²⁾	17	-	-	17	17	-	17
Supplementary purchase considerations, long-term	5	-	-	5	5	-	5
Current liabilities, interest-bearing	-	-	197	197	197	0	197
Current lease liabilities	-	-	467	467	-	-	467
Accounts payable	-	-	1 684	1 684	1 684	-	1 684
Other current liabilities	-	-	-	-	-	1 070	1 070
Supplementary purchase considerations, short-term	3	-	-	3	3	-	3
TOTAL	25	-	6 508	6 533	4 885	1 110	7 643

¹⁾ The amount includes a liability related to share swaps of SEK 20 M.

²⁾ Derivative instruments used for hedging purposes.

QUARTERLY DATA, BUSINESS AREA	2021					2020				
	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1
NET SALES, SEK M ¹⁾										
FTZ	3 480	902	804	900	874	3 369	867	808	841	853
Inter-Team	2 091	515	571	555	451	1 988	457	524	490	516
MECA/Mekonomen ²⁾	5 857	1 499	1 382	1 516	1 460	5 363	1 369	1 320	1 342	1 332
Sørensen og Balchen	873	207	211	239	215	791	187	210	221	172
Central functions ^{2) 3)}	7	6	1	1	1	1	0	0	0	0
GROUP	12 309	3 129	2 968	3 210	3 001	11 511	2 879	2 863	2 894	2 874
EBIT, SEK M										
FTZ	352	75	89	92	96	331	76	91	80	84
Inter-Team	102	31	29	36	6	86	38	31	19	-1
MECA/Mekonomen ²⁾	447	79	137	141	89	352	160	91	101	0
Sørensen og Balchen	185	37	46	57	44	170	34	53	60	23
Central functions ^{2) 3)}	-51	-16	-11	-13	-11	-46	-9	-19	-10	-7
Other items ⁴⁾	-141	-34	-34	-34	-38	-155	-38	-38	-39	-39
GROUP	894	173	255	280	186	738	260	208	211	59
EBIT MARGIN, %										
FTZ	10	8	11	10	11	10	9	11	10	10
Inter-Team	5	6	5	6	1	4	8	6	4	0
MECA/Mekonomen ²⁾	7	5	10	9	6	6	11	7	7	0
Sørensen og Balchen	21	18	22	24	20	21	18	25	27	13
GROUP	7	5	8	9	6	6	9	7	7	2
INVESTMENTS, SEK M ⁵⁾										
FTZ	38	11	5	6	16	25	8	8	6	3
Inter-Team	23	8	3	6	6	18	7	3	1	7
MECA/Mekonomen	99	23	17	33	27	101	38	19	20	25
Sørensen og Balchen	4	0	1	2	1	6	1	1	1	3
Central functions ³⁾	7	3	2	1	1	1	1	0	0	0
GROUP	173	45	28	49	51	152	55	31	28	38

¹⁾ Net sales for each business area pertains to external customers.

²⁾ External operations in ProMeister Solutions are recognized as of 2021 in MECA/Mekonomen. Comparative figures have been restated.

³⁾ Central functions includes Group-wide functions that also include Mekonomen AB.

⁴⁾ "Other items" includes acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items pertain to amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team and MECA as well as Sørensen og Balchen until the second quarter of 2021.

⁵⁾ Investments do not include company and business combinations and exclude leases according to IFRS 16.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Oct-Dec 2021						Oct-Dec 2020					
	Denmark	Poland	Finland	Norway	Sweden	In total	Denmark	Poland	Finland	Norway	Sweden	In total
Revenue distribution per country												
FTZ	902					902	867					867
Inter-Team		515				515	457					457
MECA/Mekonomen			30	526	943	1 499		25	493	851		1 369
Sørensen og Balchen				207		207			187			187
Central functions						6						0
Total net sales, Group						3 129						2 879
Other revenue						89						121
GROUP REVENUE						3 218						3 000

Distribution of revenue per country based on the country that generates revenue for each segment.

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan - Dec 2021						Jan - Dec 2020					
	Denmark	Poland	Finland	Norway	Sweden	In total	Denmark	Poland	Finland	Norway	Sweden	In total
Revenue distribution per country												
FTZ	3 480					3 480	3 369					3 369
Inter-Team		2 091				2 091	1 988					1 988
MECA/Mekonomen			111	2 182	3 564	5 857		91	2 025	3 247		5 363
Sørensen og Balchen				873		873			791			791
Central functions						7						1
Total net sales, Group						12 309						11 511
Other revenue						243						253
GROUP REVENUE						12 552						11 763

Distribution of revenue per country based on the country that generates revenue for each segment.

QUARTERLY DATA SEK M	FY	2021					2020					2019				
		Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	FY	Q4	Q3	Q2	Q1	
Revenue	12 552	3 218	3 013	3 263	3 058	11 763	3 000	2 899	2 947	2 917	12 017	2 995	2 929	3 144	2 948	
EBITDA	1 699	377	455	480	386	1 574	463	421	426	265	1 531	313	400	443	375	
EBITDA excl IFRS 16	1 197	248	330	354	264	1 052	340	287	289	136	1 008	180	268	315	245	
Adjusted EBIT	1 031	203	290	314	224	937	287	270	281	98	874	149	231	280	214	
EBIT	894	173	255	280	186	738	260	208	211	59	705	104	191	240	170	
Net financial items	-134	-21	-30	-37	-46	-141	-13	-41	-17	-71	-150	-27	-44	-38	-41	
Profit after financial items	759	151	225	243	140	596	247	167	194	-11	555	77	147	202	129	
Tax	-172	-33	-53	-55	-32	-150	-60	-40	-46	-3	-134	-22	-34	-45	-33	
Profit for the period	587	118	173	188	108	446	187	127	148	-15	421	55	113	157	96	
EBITDA margin, %	14	12	15	15	13	13	15	15	14	9	13	10	14	14	13	
Adjusted EBIT margin, %	8	6	10	10	7	8	10	9	10	3	7	5	8	9	7	
EBIT margin, %	7	5	8	9	6	6	9	7	7	2	6	3	7	8	6	
Earnings per share before and after dilution, SEK	10,21	2,09	3,02	3,24	1,85	7,67	3,29	2,18	2,49	-0,29	7,34	1,00	1,95	2,71	1,68	
Shareholders' equity per share, SEK	92,4	92,4	89,6	86,7	83,7	80,4	80,4	79,1	77,2	76,7	76,4	76,4	76,6	74,5	71,0	
Cash flow per share, SEK	21,9	3,4	8,0	7,2	3,2	28,9	6,6	9,2	11,9	1,1	20,3	3,6	7,5	6,3	2,8	
Return on shareholders' equity, % ¹⁾	11,8	11,8	13,6	13,0	12,3	9,8	9,8	7,0	6,8	7,2	10,0	10,0	9,8	10,1	10,5	
Share price at the end of the period	157,1	157,1	156,0	141,4	129,1	91,1	91,1	93,3	66,0	44,4	93,1	93,1	82,8	77,4	64,9	

1) The key figures for return on shareholders' equity are calculated on a rolling 12-month basis for each quarter.

KEY FIGURES	Oct-Dec		Jan - Dec	
	2021	2020	2021	2020
Return on shareholders' equity, %	-	-	11,8	9,8
Return on total capital, %	-	-	6,8	5,8
Return on capital employed, %	-	-	8,8	7,4
Equity/assets ratio, %	39,5	37,7	39,5	37,7
Net debt, SEK M	2 264	2 673	2 264	2 673
Net debt/EBITDA excl. IFRS 16 multiple	-	-	1,89	2,54
Net debt incl. IFRS 16 /EBITDA, multiple	-	-	2,30	2,71
Gross margin, %	45,4	45,9	45,5	45,1
EBITDA margin, %	11,7	15,4	13,5	13,4
Adjusted EBIT margin, %	6,3	9,6	8,2	8,0
EBIT margin, %	5,4	8,7	7,1	6,3
Earnings per share before and after dilution, SEK	2,09	3,29	10,21	7,67
Shareholders' equity per share, SEK	-	-	92,4	80,4
Cash flow per share, SEK	3,4	6,6	21,9	28,9
Number of outstanding shares at the end of the period ¹⁾	55 983 372	56 323 372	55 983 372	56 323 372
Average number of shares during the period	55 983 372	56 323 372	56 049 728	56 323 372

¹⁾ The total number of shares amounts to 56,416,622, of which 93,250 are own shares and 340,000 are secured through equity swap agreements at the end of the period.

NUMBER OF BRANCHES AND WORKSHOPS	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
	December 31		December 31		December 31		December 31		December 31	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of branches										
Proprietary branches	50	51	83	79	229	229	39	37	401	396
Partner branches	-	-	2	3	49	48	27	28	78	79
Total	50	51	85	82	278	277	66	65	479	475
Number of workshops ¹⁾										
AutoMester	404	409	-	-	-	-	-	-	404	409
Hella Service Partner	305	322	-	-	-	-	-	-	305	322
Din BilPartner	150	152	-	-	-	-	-	-	150	152
CarPeople	60	47	-	-	-	-	-	-	60	47
Inter Data Service	-	-	546	450	-	-	-	-	546	450
O.K. Serwis	-	-	245	211	-	-	-	-	245	211
Mekonomen Bilverkstad	-	-	-	-	768	759	-	-	768	759
MECA Car Service	-	-	-	-	729	725	-	-	729	725
MekoPartner	-	-	-	-	191	191	-	-	191	191
Speedy	-	-	-	-	43	42	-	-	43	42
MECA Tungbil	-	-	-	-	20	-	-	-	20	-
AlltiBil	-	-	-	-	7	7	-	-	7	7
BilXtra	-	-	-	-	-	-	253	253	253	253
Total	919	930	791	661	1 758	1 724	253	253	3 721	3 568

¹⁾ MECA Tungbil has been added as a concept in the first quarter of 2021.

AVERAGE NUMBER OF EMPLOYEES	Jan - Dec 2021	Jan - Dec 2020
FTZ	1 125	1 126
Inter-Team	1 472	1 396
MECA/Mekonomen ¹⁾	2 219	2 119
Sørensen og Balchen	274	251
Central functions ^{1) 2)}	29	19
Total	5 118	4 912

¹⁾ External operations in ProMeister Solutions are recognized as of 2021 in MECA/Mekonomen. Comparative figures have been restated.

²⁾ Central functions includes Group-wide functions that also include the Parent Company Mekonomen AB.

FINANCIAL REPORTS, PARENT COMPANY

CONDENSED INCOME STATEMENT FOR THE PARENT COMPANY, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Operating revenue	23	27	78	80
Operating expenses	-31	-30	-119	-111
EBIT	-8	-3	-41	-31
Net financial items ¹⁾	-16	84	398	509
Profit after financial items	-24	81	357	478
Appropriations	250	59	250	59
Tax	-48	-31	-17	-15
PROFIT FOR THE PERIOD	179	109	590	522

¹⁾ Net financial items include dividends on participations in subsidiaries totaling SEK 530 M (474) for the full-year.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SEK M	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Profit for the period	179	109	590	522
COMPREHENSIVE INCOME FOR THE PERIOD	179	109	590	522

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	December 31 2021	December 31 2020
ASSETS		
Fixed assets	9 210	9 149
Current receivables in Group companies	252	67
Other current receivables	13	79
Cash and cash equivalents	425	246
TOTAL ASSETS	9 900	9 541
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity	6 248	5 670
Untaxed reserves	214	238
Provisions	4	3
Long-term liabilities	2 991	2 724
Current liabilities in Group companies	221	500
Other current liabilities	223	406
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9 900	9 541

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	December 31 2021	December 31 2020
Shareholders' equity at the beginning of the year	5 670	5 164
Comprehensive income for the period	590	522
Share swap	-20	-18
Share savings program	7	2
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	6 248	5 670

ALTERNATIVE PERFORMANCE MEASURES

Mekonomen Group applies the Guidelines on Alternative Performance Measures issued by ESMA*. An alternative performance measure is a financial measure of historical or future financial performance, financial position or cash flows that is not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplementary information to company management, investors and other stakeholders in evaluating the company's performance. These alternative performance measures are not always comparable with the measures used by other companies since not all companies calculate these measures in the same way. These should therefore be seen as a supplement to the measures defined according to IFRS. For definitions of key figures, refer to page 21. For relevant reconciliations of the alternative performance measures that cannot be directly read in or derived from the financial statements, refer to the tables below. For historical reconciliations of alternative performance measures, refer also to supplements to the 2016–2020 Annual Reports on our website: <http://www.mekonomen.com/en/alternative-performance-measures/>.

*The European Securities and Markets Authority.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

RETURN ON SHAREHOLDERS' EQUITY SEK M	Jan - Dec 2021	Jan - Dec 2020
Profit for the period (rolling 12-month basis)	587	446
– Less non-controlling interest of profit for the period (rolling 12 months)	-14	-15
Profit for the period excluding non-controlling interest (rolling 12 months)	572	432
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters ¹⁾	4 856	4 390
RETURN ON SHAREHOLDERS' EQUITY, %	11,8	9,8

1) SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2021	2020				2019						
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	5 229	5 071	4 905	4 788	4 595	4 520	4 410	4 375	4 335	4 347	4 228	4 034
– Less non-controlling interest of shareholders' equity	-55	-57	-53	-75	-68	-66	-63	-53	-32	-33	-29	-32
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	5 174	5 014	4 852	4 713	4 527	4 454	4 346	4 322	4 303	4 313	4 199	4 002
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters	4 856	4 712	4 578	4 472	4 390	4 348	4 297	4 228	4 129	3 731	3 344	2 998

RETURN ON TOTAL CAPITAL SEK M	Jan - Dec 2021	Jan - Dec 2020
Profit after financial items (rolling 12 months)	759	596
– Plus interest expenses (rolling 12 months)	115	133
Profit after financial items plus interest expenses (rolling 12 months)	874	729
– Divided by TOTAL ASSETS, average over the past five quarters ²⁾	12 857	12 616
RETURN ON TOTAL CAPITAL, %	6,8	5,8

2) TOTAL ASSETS SEK M	2021	2020				2019						
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	13 229	13 219	12 787	12 854	12 193	12 693	12 540	12 783	12 870	13 127	13 118	13 099
TOTAL ASSETS, average over the past five quarters	12 857	12 749	12 613	12 613	12 616	12 803	12 888	12 999	12 616	12 264	10 798	9 296

RETURN ON CAPITAL EMPLOYED SEK M	Jan - Dec 2021	Jan - Dec 2020
Profit after financial items (rolling 12 months)	759	596
– Plus interest expenses (rolling 12 months)	115	133
Profit after financial items plus interest expenses (rolling 12 months)	874	729
– Divided by CAPITAL EMPLOYED, average over the past five quarters ³⁾	9 922	9 839
RETURN ON CAPITAL EMPLOYED, %	8,8	7,4

CAPITAL EMPLOYED SEK M	2021				2020				2019			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	13 229	13 219	12 787	12 854	12 193	12 693	12 540	12 783	12 870	13 127	13 118	13 099
– Less deferred tax liabilities	-357	-347	-347	-332	-388	-377	-385	-382	-428	-443	-439	-465
– Less long-term liabilities, non-interest-bearing	-45	-44	-15	-17	-16	-95	-82	-70	-20	-20	-20	-20
– Less current liabilities, non-interest-bearing	-2 757	-2 791	-2 551	-2 426	-2 240	-2 627	-2 414	-2 131	-2 227	-2 453	-2 323	-2 244
CAPITAL EMPLOYED	10 070	10 037	9 873	10 081	9 549	9 594	9 658	10 201	10 195	10 211	10 337	10 370
CAPITAL EMPLOYED, average over the past five quarters	9 922	9 827	9 751	9 817	9 839	9 972	10 120	10 263	9 856	9 480	8 292	7 066

GROSS MARGIN SEK M	Oct-Dec	Oct-Dec	Jan - Dec	Jan - Dec
	2021	2020	2021	2020
Net sales	3 129	2 879	12 309	11 511
– Less goods for resale	-1 708	-1 558	-6 709	-6 318
Total	1 421	1 322	5 600	5 193
– Divided by net sales	3 129	2 879	12 309	11 511
GROSS MARGIN, %	45,4	45,9	45,5	45,1

EARNINGS PER SHARE SEK M	Oct-Dec	Oct-Dec	Jan - Dec	Jan - Dec
	2021	2020	2021	2020
Profit for the period	118	187	587	446
– Less non-controlling interests' share	-1	-2	-14	-15
Profit for the period attributable to Parent Company's shareholders	117	185	572	432
– Divided by Average number of shares ⁴⁾	55 983 372	56 323 372	56 049 728	56 323 372
EARNINGS PER SHARE, SEK	2,09	3,29	10,21	7,67

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan - Dec	Jan - Dec
	2021	2020
Shareholders' equity	5 229	4 595
– Less non-controlling interest of shareholders' equity	-55	-68
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	5 174	4 527
– Divided by number of shares at the end of the period ⁴⁾	55 983 372	56 323 372
SHAREHOLDERS' EQUITY PER SHARE, SEK	92,4	80,4

CASH FLOW PER SHARE SEK M	Oct-Dec	Oct-Dec	Jan - Dec	Jan - Dec
	2021	2020	2021	2020
Cash flow from operating activities	192	373	1 227	1 625
– Divided by Average number of shares ⁴⁾	55 983 372	56 323 372	56 049 728	56 323 372
CASH FLOW PER SHARE, SEK	3,4	6,6	21,9	28,9

⁴⁾ AVERAGE NUMBER OF SHARES	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
Number of shares at the end of the period	55 983 372	56 323 372	55 983 372	56 323 372
– Multiplied by the number of days that the Number of shares at the end of the period has remained unchanged during the period	92	92	192	365
Number of shares on another date during the period			56 123 372	
– Multiplied by the number of days that the Number of shares on another date has existed during the period			173	
Number of shares on another date during the period				
– Multiplied by the number of days that the Number of shares on another date has existed during the period				
– Total divided by the number of days during the period	92	92	365	365
AVERAGE NUMBER OF SHARES	55 983 372	56 323 372	56 049 728	56 323 372

NET DEBT SEK M	December 31 2021	December 31 2020	December 31 2019
Long-term liabilities, interest-bearing incl. lease liability	4 177	3 911	4 655
– Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 219	-1 202	-1 339
Current liabilities, interest-bearing incl. lease liability	664	1 043	1 204
– Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-467	-659	-457
– Less cash and cash equivalents	-892	-420	-355
NET DEBT	2 264	2 673	3 709

NET DEBT INCL. IFRS 16 SEK M	December 31 2021	December 31 2020	December 31 2019
NET DEBT	2 264	2 673	3 709
– Plus long-term lease liabilities according to IFRS 16	1 181	1 168	1 323
– Plus current lease liabilities according to IFRS 16	467	432	457
NET DEBT INCL. IFRS 16	3 911	4 273	5 489

EBITDA EXCL. IFRS 16	Oct-Dec 2021	Oct-Dec 2020	Jan - Dec 2021	Jan - Dec 2020
EBITDA according to income statement	377	463	1 699	1 574
– less change relating to lease expenses in accordance with IFRS 16	-129	-123	-503	-522
EBITDA excluding IFRS 16	248	340	1 197	1 052

FINANCIAL DEFINITIONS

Return on shareholders' equity	Profit for the period, excluding non-controlling interests, as a percentage of average shareholders' equity attributable to Parent Company's shareholders. Average shareholders' equity attributable to Parent Company's shareholders is calculated as shareholders' equity attributable to Parent Company's shareholders at the end of the period plus the shareholders' equity for the four immediately preceding quarters attributable to Parent Company's shareholders at the end of the periods divided by five.
Return on capital capital	Profit after financial items plus interest expenses as a percentage of average capital employed. Average employed is calculated as capital employed at the end of the period plus the capital employed for the four immediately preceding quarters divided by five.
Return on total capital	Profit after financial items plus interest expenses as a percentage of average total assets. Average total assets is calculated as total assets at the end of the period plus the total assets for the four immediately preceding quarters at the end of the periods divided by five.
Gross margin	Net sales less costs for goods for resale, as a percentage of net sales.
Gross profit	Revenue less cost for goods for resale.
EBIT margin	Operating profit after depreciation/amortization (EBIT) as a percentage of total revenue.
EBITA	Operating profit after depreciation according to plan but before amortization and impairment of intangible fixed assets.
EBITDA	Operating profit before depreciation/amortization and impairment of tangible and intangible fixed assets.
EBITDA excl. IFRS 16	Operating profit before depreciation/amortization and impairment of tangible and intangible fixed assets excl. effects of IFRS 16.
EBITDA margin	EBITDA as a percentage of total revenue.
Shareholders' equity per share	Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.
Adjusted EBIT	EBIT adjusted for items affecting comparability (see definition under company-specific terms and definitions) and material acquisition-related items. Current acquisition-related items pertain to the amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.
Adjusted EBIT margin	Adjusted EBIT as a percentage of total revenue.
Cash flow per share	Cash flow from operating activities in relation to the average number of shares. Average number of shares is calculated as the number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, divided by the number of days during the period.
Cash and cash equivalents	Cash and cash equivalents comprise cash funds held at financial institutions and current liquid investments with a term from the date of acquisition of less than three months, which are exposed to only an insignificant risk of fluctuations in value. Cash and cash equivalents are recognized at nominal amounts.
Net debt	Short-term and long-term interest-bearing liabilities for borrowing, i.e. excluding short and long-term lease liabilities, pensions, derivatives and similar obligations, less cash and cash equivalents.
Net debt incl. IFRS 16	Short-term and long-term interest-bearing liabilities for borrowing, and long-term and current lease liabilities according to IFRS 16, i.e. excluding pensions, derivatives and similar obligations, less cash and cash equivalents.
Organic sales	Net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
Organic growth	Change in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.
Earnings per share	Profit for the period excluding non-controlling interests, in relation to the average number of shares. Average number of shares is calculated as the number of shares at the end of the period multiplied by the number of days that this number existed during the period, plus any other number of shares during the period multiplied by the number of days that this or these numbers existed during the period, divided by the number of days during the period.
Equity/assets ratio	Shareholders' equity including non-controlling interests as a percentage of total assets.
Capital employed	Total assets less non-interest-bearing liabilities and provisions, including deferred tax liabilities.

COMPANY-SPECIFIC TERMS AND DEFINITIONS

Business area	Reportable segment
Affiliated workshops	Workshops that are not proprietary owned, but conduct business under the Group's brands/workshop concepts
B2B	Sales of goods and services between companies (business-to-business).
B2C	Sales of goods and services between companies and consumers (business-to-consumer).
DAB products	Car accessories with solutions for receiving digital radio broadcasts. DAB is an abbreviation for Digital Audio Broadcasting.
Proprietary branches	Branches with operations in subsidiaries, directly or indirectly majority-owned by Mekonomen AB.
Proprietary workshops	Workshops with operations in subsidiaries, directly or indirectly majority-owned by Mekonomen AB.
OBP	Proprietary products, such as Mekonomen Group's proprietary products ProMeister, Carwise, Kraft, Sakura, Vehcare and ForumLine.
Fleet operations	Mekonomen Group's offering to business customers comprising service and repairs of cars, sales of spare parts and accessories, and tire storage.
Sales to Customer Group Affiliated workshops	Sales to affiliated workshops and sales to proprietary workshops.
Sales to Customer Group Consumer	Cash sales from proprietary branches to customer groups other than Affiliated Workshops and Other B2B Customers, as well as the Group's e-commerce sales to consumers.
Sales to Customer Group Partner branches	Sales to partner branches.
Sales to Customer Group Other B2B Customers	Sales to business customers that are not affiliated with any of Mekonomen Group's concepts, including sales in Fleet operations.
Items affecting comparability	Events or transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods, including restructuring programs, expenses relating to major legal disputes, impairments and gains and losses from the acquisitions or disposals of businesses, subsidiaries, associates and joint ventures or items of a similar nature.
Concept workshops	Affiliated workshops.
LTIP	Long-term Incentive Program.
Mobility	The ability to move from A to B is a fundamental freedom and a driving force in society. Demand is timeless, and independent of the type of vehicle used.
ProMeister	Mekonomen Group's proprietary brand for high-quality spare parts with five-year guarantees, and the name of the services we offer affiliated workshops.
Spare parts for cars	Parts that are necessary for a car to function.
Partner branches	Branches that are not proprietary, but conduct business under the Group's brands/branch concepts.
Accessories for cars	Products that are not necessary for a car to function, but enhance the experience or extend use of the car, such as car-care products, roof boxes, car child seats, etc.
TSR	Total shareholders return
Currency effects in the balance sheet	Impact of currency with respect to realized and unrealized revaluations of foreign current non-interest-bearing receivables and liabilities.
Currency transaction effects	Impact of currency with respect to internal sales from Bileko Car Parts AB, and from MECA CarParts AB to each country.
Currency translation effects	Impact of currency from translation of earnings from foreign subsidiaries to SEK.
Other operating revenue	Mainly comprises rental income, marketing subsidies and exchange-rate gains.

Postal address:
Box 19542
SE-104 32 Stockholm, Sweden

Visiting address: www.mekonomen.com
Solnavägen 4, 11th floor, Stockholm, Sweden

Tel: +46 (0)8 464 00 00
E-mail: ir@mekonomen.se