

Mekonomen Group

Interim report January - March 2021

May 7, 2021

Strong organic growth and increased profitability

January 1–March 31, 2021

- Net sales increased 4 percent to SEK 3,001 M (2,874). Organic growth was 10 percent. Net sales were negatively impacted 2 percent due to currency effects.
- Adjusted EBIT amounted to SEK 224 M (98) and the adjusted EBIT margin was 7 percent (3).
- EBIT totaled SEK 186 M (59) and the EBIT margin was 6 percent (2). EBIT was not impacted by any items affecting comparability during the quarter.
- Earnings per share, before and after dilution, amounted to SEK 1.85 (neg: 0.29).
- Cash flow from operating activities amounted to SEK 179 M (62).
- Net debt was SEK 2,733 M (3,928) at the end of the period, compared with SEK 2,673 M at December 31, 2020.
- Restrictions related to covid-19 impacted the quarter, the comparative period was negatively impacted by the outbreak of covid-19 and the data breach.
- New financing through the issuance of a senior unsecured bond of SEK 1.25 billion.
- Capital markets day was held on February 25, where an updated strategy for achieving the long-term financial goals was presented.

SUMMARY OF THE GROUP'S EARNINGS TREND	Jan-Mar 2021	Jan-Mar 2020	Change, %	12 months Apr-Mar	Full-year 2020	Change, %
SEK M						
Net sales	3 001	2 874	4	11 638	11 511	1
Adjusted EBIT	224	98	127	1 062	937	13
EBIT	186	59	214	865	738	17
Profit after financial items	140	-11	-1317	748	596	25
Profit after tax	108	-15	-831	569	446	28
Earnings per share, SEK	1,85	-0,29	-737	9,80	7,67	28
Adjusted EBIT margin, %	7	3		9	8	
EBIT margin, %	6	2		7	6	

ADJUSTED EBIT	Jan-Mar 2021	Jan-Mar 2020	Change, %	12 months Apr-Mar	Full-year 2020	Change, %
SEK M						
EBIT	186	59	214	865	738	17
Costs attributable to restructuring in business area MECA/Mekonomen				-50	-50	
Gains from sale of property in business area FTZ				6	6	
Items affecting comparability, total				-44	-44	
"Other items", material acquisition-related items ¹⁾	-38	-39		-154	-155	
Adjusted EBIT	224	98	127	1 062	937	13

¹⁾ Other items include material acquisition-related items. Current acquisition-related items are amortization of acquired intangible assets relating to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

CEO comments

Strong organic growth and increased profitability

We began 2021 with strong organic growth, increased profitability and a strong cash flow. The market was characterized by stable demand for our products and services in the first quarter. Covid-19 has had some impact through severe restrictions in several of our markets and generally fewer vehicle kilometers driven. We have further strengthened our financial position through new financing and a maintained low net debt/equity ratio. We continued to develop attractive solutions for our customers and partners with the launch of simple and predictable service agreements in Mekonomen Sweden and a new standard for electric car service in all of our markets. Overall, Mekonomen Group has a unique position - and I am convinced that the timeless need for mobility gives us great opportunities for continued profitable growth.

Strong organic growth in a weak market

We have reached strong organic net sales growth of 10 percent for the first quarter, with clear effects of our efforts to stimulate sales. Currency effects had a negative impact on growth of 4 percent. Market development benefited from a slightly colder winter, but was adversely affected by the continuing severe restrictions in the wake of covid-19 in several of our markets, with closed branches and fewer kilometers driven by the vehicle fleet as a consequence. A shortage of certain components and disruptions in supply chains had some impact on the market development. We benefited from being proactive in purchasing and from our strong relationships with suppliers, which ensured good access to spare parts and accessories, as well as an opportunity to accumulate some stock during the quarter. We expect underlying demand for our products and services to remain favorable, even if market developments and the supply of goods are difficult to assess in the short term.

Continued improvements in profitability

Strong growth and a focused effort to reduce our costs have resulted in continued improvements in profitability during the first quarter. EBIT increased to SEK 186 M (59) and the EBIT margin to 6 percent (2). The year-earlier quarter was adversely impacted by both covid-19 and the data breach the MECA/Mekonomen business area experienced in spring 2020. The robust initiatives and structural measures we implemented last year had a clear positive impact on profitability for the quarter. The gross margin improved to 44.7 percent (44.0), with positive contributions from the previously implemented currency-related price increases and a strengthened Swedish and Norwegian krona. Changes to the product mix with a higher share of seasonal sales, such as starter batteries and loading equipment with lower margins, had a negative impact on gross margin.

New financing and stronger financial position

It is gratifying to see that we diversified and extended our financing during the quarter through the issue of a senior unsecured bond of SEK 1.25 billion maturing in 2026. I consider the major interest as confirmation that the capital markets have confidence in Mekonomen Group and our business model. This financing strengthens our financial position and extends our debt maturity structure, which allows us to focus our core business and deliver on our strategy. During the quarter, our cash flow from operating activities improved to SEK 179 M (62) and our cash and cash equivalents increased. Net debt relative to EBITDA decreased to 2.3 times (4.4) at the end of the quarter, which is within our strategic target range and offers an adequate margin to our covenants.

Well-attended capital markets day

At the end of February, we held a well-attended digital capital markets day, where we explained our strategy and position as an enabler of mobility. The overall goal is to reach sales of SEK 15 billion and adjusted EBIT of SEK 1.5 billion by 2025. The strategy is based on our four focus areas: operational excellence, concept development for workshops, new customer solutions for car owners and new revenue streams. Together, they form the foundation for our digital and sustainable transformation, where we can make full use of the trend towards greener vehicle technology and new customer behaviors. Everything we do is permeated by a sustainable perspective.

Attractive solutions for continued growth

In line with the strategy, we are working intensively in our focus areas to identify attractive solutions for our customers and workshops. During the first quarter, Mekonomen launched a new service agreement for Swedish car owners, with clear pricing and simple conditions. The offering makes car ownership easy and predictable, with a competitive fixed monthly fee with no surprises, regardless of whether you drive a new car or one that has been on the road for some time. Another example is the start of the transition to manage a growing number of electric cars, a market where we are pro-actively establishing clear industry standards and enabling workshops. During the quarter Mekonomen Group launched a new standard for electric car service, E+, which guarantees that workshops have the right expertise and equipment to take care of these cars. Our goal is to have 1,500 electric car workshops that meet these requirements already next year.

Good position for tomorrow's market

I am proud to say that we can look back on another strong quarter. Mekonomen Group today has a leading position in the market and through our updated strategy, we are now increasing the pace of transformation towards an even more sustainable and profitable company. Our goal is clear: We will be the best and broadest partner for everyone that services and maintains cars in our markets - today and in the future. We are well equipped for continued long-term and profitable growth.

Pehr Oscarson
President and CEO

THIS IS MEKONOMEN GROUP

Vision

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

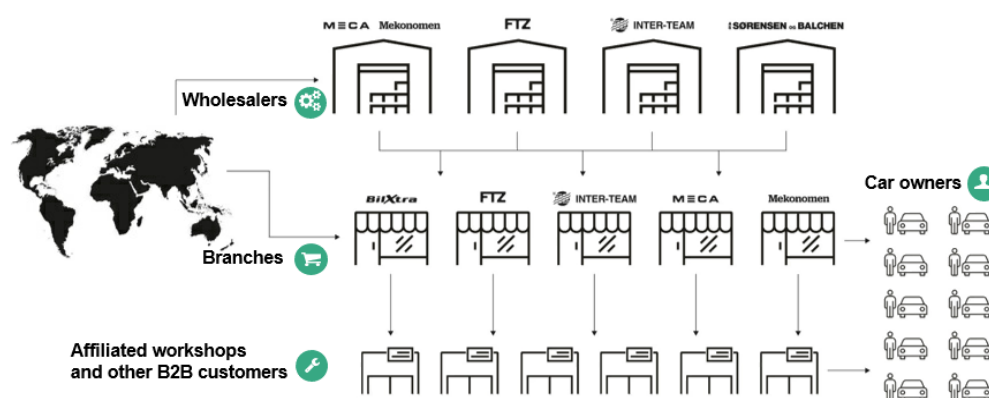
Business concept

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	Jan-Mar	Jan-Mar		12 months	Full-year	
DISTRIBUTION, SEK M	2021	2020	Change, %	Apr-Mar	2020	Change, %
Net sales, external per business area						
FTZ	874	853	2	3 390	3 369	1
Inter-Team	451	516	-13	1 922	1 988	-3
MECA/Mekonomen ¹⁾	1 460	1 332	10	5 491	5 363	2
Sørensen og Balchen	215	172	25	834	791	5
Central functions ¹⁾	1	0	315	1	1	81
Total net sales, Group	3 001	2 874	4	11 638	11 511	1
Other operating revenue	57	42	35	268	253	6
GROUP REVENUE	3 058	2 917	5	11 905	11 763	1

Revenue distribution per country and business area is presented in the table on page 13.

¹⁾ External operations in ProMeister 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
January–March, 2021					
Organic growth	9,1	-1,8	12,2	31,5	9,9
Effect from acquisitions/divestments	0,0	0,0	0,8	0,0	0,4
Currency effects	-5,0	-9,4	-1,7	-4,7	-4,2
Effect, workdays	-1,6	-1,4	-1,7	-2,0	-1,7
Growth net sales	2,4	-12,7	9,6	24,8	4,4

January 1–March 31, 2021

Net sales increased 4 percent to SEK 3,001 M (2,874). Organic growth was 10 percent. The increase in sales, despite negative currency effects of 4 percent, which corresponds to SEK 122 M, is due to a healthy recovery compared with the preceding year. The number of workdays was one day less in Denmark, Finland, Norway, Poland and Sweden, compared with the preceding year.

GROUP PERFORMANCE

January 1–March 31, 2021

Adjusted EBIT

Adjusted EBIT amounted to SEK 224 M (98) and the adjusted EBIT margin was 7 percent (3). Currency effects in the balance sheet had a positive impact of SEK 2 M (neg: 29) on adjusted EBIT. The comparative period was negatively impacted by the outbreak of covid-19 and the data breach at MECA/Mekonomen and was substantially impacted by currency effects.

EBIT

EBIT amounted to SEK 186 M (59) and the EBIT margin amounted to 6 percent (2). EBIT was not impacted by items affecting comparability during the quarter or during the year-earlier period. Currency effects in the balance sheet had a positive impact of SEK 2 M (neg: 29) on EBIT. The comparative period was adversely impacted by the outbreak of covid-19 and the data breaches at MECA/Mekonomen and was substantially impacted by currency effects.

Other earnings

Profit after financial items amounted to SEK 140 M (loss: 11). Net interest expense was SEK 28 M (expense: 30) and other financial items amounted to an expense of SEK 18 M (expense: 40). The considerable negative amounts in the comparative period are largely due to negative currency effects in bank accounts. Net financial items for the quarter also include costs arising from the new financing and early termination of previous financing and interest-rate swaps. Profit after tax amounted to SEK 108 M (loss: 15). Earnings per share, before and after dilution, amounted to SEK 1.85 (neg: 0.29).

FINANCIAL POSITION AND CASH FLOW

Cash flow from operating activities in the first quarter amounted to SEK 179 M (62). Tax paid amounted to SEK 95 M (57) for the first quarter. Cash and cash equivalents amounted to SEK 625 M (207). The equity/assets ratio was 37 (34) percent. Long-term interest-bearing liabilities amounted to SEK 4,463 M (4,662) including a long-term lease liability of SEK 1,262 M (1,220). Current interest-bearing liabilities amounted to SEK 830 M (1,164), including a current lease liability of SEK 446 M (449). During the quarter, part of the grants utilized in 2020 in Denmark and Sweden were repaid as planned, at the same time as new grants were received in Denmark. In total, these deferred VAT, employer contributions and tax payments amount to approximately SEK 163 M as of March 31 compared with SEK 208 M at year end. These deferred payments will be repaid in forthcoming periods and will then have a negative impact on cash flow and debt/equity ratio.

Net debt amounted to SEK 2,733 M (3,928) compared with SEK 2,673 M at year end, representing an increase of SEK 60 M. 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. During the quarter, a 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 85 M during the quarter. Mekonomen's available cash and unutilized credit facilities totaled approximately SEK 1,746 M at the end of March, compared with SEK 1,442 M at year end. The company fulfills all covenants in the loan agreements as of March 31, 2021.

INVESTMENTS

During the first quarter, investments in fixed assets amounted to SEK 240 M (84) including leases of SEK 189 M (46). 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 mainly relate to workshop profiling, workshop customization, workshop equipment, inventories to branches and workshops and IT investments. Depreciation and impairment of tangible fixed assets and right-of-use assets amounted to SEK 141 M (149) for the first quarter.

Company and business combinations amounted to SEK 3 M (49) in the first quarter, of which SEK 2 M (5) pertained to an estimated supplementary purchase consideration for the first quarter. No supplementary purchase considerations (0) were paid in the quarter. Acquired assets amounted to SEK 1 M (32) and assumed liabilities to SEK 0 M (23) for the quarter. In addition to goodwill, which amounted to SEK 0 M (24), intangible surplus values of SEK 1 M (49) were identified relating to customer relations for the quarter. Deferred tax liabilities attributable to acquired intangible fixed assets amounted to SEK – M (9). Acquired non-controlling interests amounted to SEK 2 M (5) for the first quarter. Divested non-controlling interests amounted to SEK 0 M (–) in the first quarter. Zero (–) businesses were divested during the first quarter.

ACQUISITIONS AND START-UPS

First quarter

Meca/Mekonomen acquired a former partner branch in Vetlanda.

Number of branches and workshops

At the end of the period, the total number of branches in the chains was 476 (476), of which 395 (402) were proprietary branches. The number of affiliated workshops totaled 3,616 (3,600). See the distribution in the table on page 15.

EMPLOYEES

During the period, the average number of employees was 4,958 (5,018). See the distribution in the table on page 15.

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	Jan-Mar	Jan-Mar		12 months	Full-year	
SEK M	2021	2020	Change, %	Apr-Mar	2020	Change, %
Net sales, external	874	853	2	3 390	3 369	1
EBIT	96	84	14	343	331	4
EBIT margin, %	11	10		10	10	
No. of branches/of which proprietary	50 / 50	51 / 51		50 / 50	51 / 51	
No. of AutoMester	413	421		413	409	
No. of Hella Service Partner	323	331		323	322	
No. of Din BilPartner	151	154		151	152	
No. of CarPeople	55	40		55	47	

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

Net sales rose 2 percent to SEK 874 M (853), negatively impacted by currency effects of SEK 43 M. Organic growth was 9 percent.

The sales trend for FTZ was relatively healthy and benefited from digital solutions, such as online booking and continued positive access to spare parts and accessories. The market was generally characterized by a low level of activity following the reintroduction of restrictions at the end of December 2020. The number of vehicle kilometers driven in Denmark has decreased by about 33 percent in the first quarter, compared with the corresponding period last year.

EBIT rose to SEK 96 M (84) and EBIT margin to 11 (10) percent for the quarter. The rise in earnings is primarily related to increased sales volumes and effective cost control. The gross margin was slightly weaker compared with the year-earlier period, mainly due to a higher share of seasonal products with lower margins.

In the first quarter, there was one fewer workday in Denmark compared with the year-earlier quarter.

BUSINESS AREA INTER-TEAM

INTER-TEAM	Jan-Mar	Jan-Mar		12 months	Full-year	
SEK M	2021	2020	Change, %	Apr-Mar	2020	Change, %
Net sales, external	451	516	-13	1 922	1 988	-3
EBIT	6	-1	731	93	86	8
EBIT margin, %	1	0		5	4	
No. of branches/of which proprietary	82 / 79	83 / 80		82 / 79	82 / 79	
No. of Inter Data Service	454	423		454	450	
No. of O.K. Serwis	226	205		226	211	

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

Net sales declined 13 percent to SEK 451 M (516) in the first quarter. Currency effects had a negative impact on net sales of SEK 49 M. Organic growth was a negative 2 percent. Export sales decreased during the quarter with lower sales to the German and Czech markets.

The Polish market was weak for most of the quarter, due to the substantial spread of covid-19 and continued restrictions, but improved noticeably in March.

EBIT improved to SEK 6 M (neg: 1) during the quarter and EBIT margin to 1 (0) percent. The improvement in earnings is primarily due to a higher gross margin and effective cost control. The gross margin improved during the quarter, mainly as a result of a lower share of export sales and price adjustments.

In the first quarter, there was one fewer workday in Poland compared with the year-earlier quarter.

BUSINESS AREA MECA/MEKONOMEN

MECA/MEKONOMEN ¹⁾	Jan-Mar	Jan-Mar		12 months	Full-year	
SEK M	2021	2020	Change, %	Apr-Mar	2020	Change, %
Net sales, external	1 460	1 332	10	5 491	5 363	2
EBIT	89	0	-31 045	441	352	25
EBIT margin, %	6	0		8	6	
No. of branches/of which proprietary	279 / 229	277 / 234		279 / 229	277 / 229	
No. of Mekonomen Bilverkstad	774	795		774	759	
No. of MECA Car Service	716	722		716	725	
No. of MekoPartners	192	204		192	191	
No. of Speedy	42	43		42	42	
No. of MECA Tungbil	10	–		10	–	
No. of AlltiBil	7	8		7	7	

¹⁾ External operations in ProMeister 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 first quarter increased 10 percent to SEK 1,460 M (1,332), of which SEK 878 M (817) in the Swedish operations, SEK 558 M (498) in the Norwegian operations and SEK 25 M (17) in the Finnish operations. Currency effects had a negative impact on net sales of SEK 22 M. Organic growth was 12 percent. The comparative period was negatively impacted by the outbreak of covid-19 and the data breaches and was substantially impacted by currency effects.

Market activity was favorable during the quarter with increased demand for seasonal accessories and spare parts, such as starter batteries and loading equipment. Operations noted positive organic growth for all geographic markets during the quarter. The covid-19 pandemic had a strongly negative impact on ProMeister Solutions training activities and Norwegian operations were generally adversely affected by local restrictions in the form of closures of some 20 of the business's branches for a large portion of the quarter.

EBIT increased to SEK 89 M (0) and EBIT margin to 6 (0) percent in the first quarter. Earnings were positively affected by higher sales and savings measures implemented last year. No items affecting comparability were reported for the quarter. The gross margin fell slightly compared with the year-on-year quarter, as previously implemented price adjustments and favorable currency fluctuations did not fully offset a higher share of seasonal products with lower margin, primarily in Norwegian operations.

In the first quarter, there was one fewer workday in Finland, Norway and Sweden compared with the year-earlier quarter.

BUSINESS AREA SØRENSEN OG BALCHEN

SØRENSEN OG BALCHEN	Jan-Mar	Jan-Mar		12 months	Full-year	
SEK M	2021	2020	Change, %	Apr-Mar	2020	Change, %
Net sales, external	215	172	25	834	791	5
EBIT	44	23	90	191	170	12
EBIT margin, %	20	13		23	21	
No. of branches/of which proprietary	65 / 37	65 / 37		65 / 37	65 / 37	
No. of BilXtra workshops	253	254		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 first quarter increased 25 percent to SEK 215 M (172). Currency effects had a negative impact of SEK 8 M on net sales. The organic growth was 32 percent, as a result of continued strong sales in the consumer and wholesaler segments. Operations were adversely affected by restrictions in the form of local lockdowns in the Oslo and Bergen regions for most of the quarter, which affected about 25 of the business's branches.

EBIT rose to SEK 44 M (23) and EBIT margin to 20 (13) percent for the quarter, mainly driven by strong growth and continued effective cost control. The gross margin was weaker compared with the year-on-year quarter. Earlier price adjustments and higher volumes could not fully offset a weak NOK and a higher percentage of seasonal products with lower margin.

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

NUMBER OF WORKDAYS PER QUARTER AND COUNTRY

Mekonomen 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 and 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 Parent Company’s earnings after net financial items were a negative SEK 124 M (neg: 139) for the first quarter, excluding dividends of SEK 246 M (–) during the quarter. Net financial items also include costs arising from the new financing, early termination of previous financing and interest-rate swaps and impairment of the cross currency swap. The average number of employees in the Parent Company was 6 (6). During the first quarter, Mekonomen AB sold goods and services to Group companies for SEK 10 M (9).

“Central functions” comprise Group-wide functions that also include Mekonomen AB. 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 11 M (neg: 7) for the first quarter.

“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, Sørensen og Balchen, FTZ and Inter-Team of a negative SEK 38 M (neg: 39) for the first quarter.

EVENTS DURING THE PERIOD

On February 25, 2021, Mekonomen Group held a capital markets day for analysts, investors and media, when the company presented the updated strategy to achieve its long-term financial targets no later than 2025.

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. The bonds were listed on Nasdaq Stockholm’s Corporate Bonds list in April.

On March 17, 2021, Mekonomen Group entered into an agreement for a Revolving Credit Facility (RCF) of SEK 800 M, due to mature in March 2024, with a banking group consisting of Nordea, SEB and Danske Bank. In connection with this, the RCF that was due to mature in June 2022 was terminated early.

On March 24, 2021, Mekonomen’s Nomination Committee announced in a press release that it proposes prior to the Annual General Meeting on May 7, 2021 the re-election of the Board members Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson and Helena Skåntorp, as well as new election of Robert Hanser and Michael Løve. Robert Hanser is proposed to be elected Chairman of the Board. The Chairman of the Board, John S. Quinn, and Board member Arja Taaveniku have informed the Nomination Committee that they are refraining from re-election at the 2021 Annual General Meeting. Read more about the proposed Board members at www.mekonomen.com.

During the period, covid-19 has impacted markets where Mekonomen Group conducts business. For further information, refer to the separate sections “Covid-19 and its impact on financial statements in the quarter”, “financial position and cash flow” and the description of developments given by each business area.

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

During the quarter, covid-19 continued to spread in all of Mekonomen Group's markets. Our activities were affected by covid-19 to varying degrees during the quarter depending on the restrictions in place in different countries and regions. Approximately 45 branches in Norway were closed for part of the period, which had a significant impact on sales for these operations. Poland also implemented tough restrictions, which impacted sales.

Mekonomen Group has continued to carefully monitor the development of covid-19 and any additional restrictions imposed in the Group's markets. Further measures in addition to those already taken may therefore be needed. The forceful actions to reduce costs and adapt operations that were introduced previously are still in place and had a positive effect on earnings in the quarter.

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 life as at December 31, 2020. We see no indication of a decrease in value since then.

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

Relief and grants offered due to covid-19 had a minimal impact on EBIT for Mekonomen Group during the quarter.

Inventories

As of March 31, the effects of the covid-19 pandemic have not had any significant impact on the valuation of inventories.

Credit losses

As of March 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 due to positive earnings, new financing and continued support and relief concerning mainly the postponement of VAT and tax payments. During the quarter, part of the grants utilized in 2020 were repaid as planned, at the same time as new grants were received in Denmark. These grants totaled approximately SEK 163 M at the end of the quarter.

EVENTS AFTER THE END OF THE PERIOD

On April 12, Mekonomen AB was approved as 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.

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. Interim report consists of pages 1–21 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
Interim report	January–June 2021	2021-08-20
Interim report	January–September 2021	2021-10-29
Year-end report	January–December 2021	2022-02-11

ANNUAL GENERAL MEETING

Mekonomen AB's Annual General Meeting will be held on May 7, 2021.

Stockholm May 7, 2021

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.

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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 contact person set out above, at 7:30 a.m CET on May 7, 2021.

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	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
Net sales	3 001	2 874	11 638	11 511
Other operating revenue	57	42	268	253
Total revenue	3 058	2 917	11 905	11 763
Goods for resale	-1 660	-1 611	-6 368	-6 318
Other external costs	-356	-385	-1 374	-1 403
Personnel expenses	-655	-657	-2 467	-2 469
Operating profit before depreciation/ amortization and impairment of tangible and intangible fixed assets (EBITDA)	386	265	1 696	1 574
Depreciation and impairment of tangible fixed assets and right-of-use assets	-141	-149	-599	-606
Operating profit before amortization and impairment of intangible fixed assets (EBITA)	245	116	1 097	968
Amortization and impairment of intangible fixed assets	-59	-56	-233	-230
EBIT	186	59	865	738
Interest income	3	3	10	10
Interest expenses	-31	-33	-130	-133
Other financial items	-18	-40	3	-19
Profit after financial items	140	-11	748	596
Tax	-32	-3	-178	-150
PROFIT FOR THE PERIOD	108	-15	569	446
Profit for the period attributable to:				
Parent Company's shareholders	104	-16	552	432
Non-controlling interests	4	2	17	15
PROFIT FOR THE PERIOD	108	-15	569	446
Earnings per share before and after dilution, SEK	1,85	-0,29	9,80	7,67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
Profit for the period	108	-15	569	446
Other comprehensive income:				
<i>Components that will not be reclassified to profit/loss for the year:</i>				
– Actuarial gains and losses	-	-	5	5
<i>Components that may later be reclassified to profit/loss for the year:</i>				
– Exchange-rate differences from translation of foreign subsidiaries	143	121	-270	-291
– Hedging of net investments ¹⁾	-61	-78	125	108
– Cash-flow hedges ²⁾	5	-6	7	-4
Other comprehensive income, net after tax	87	37	-132	-182
COMPREHENSIVE INCOME FOR THE PERIOD	195	22	437	265
Comprehensive income for the period attributable to:				
Parent Company's shareholders	187	22	417	253
Non-controlling interests	8	0	20	12
COMPREHENSIVE INCOME FOR THE PERIOD	195	22	437	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 hedge net investment in Norway and 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	March 31 2021	March 31 2020	December 31 2020
ASSETS ¹⁾			
Intangible fixed assets	5 473	5 844	5 410
Tangible fixed assets	453	472	448
Right-of-use assets	1 714	1 705	1 606
Financial fixed assets	101	95	98
Deferred tax assets	6	-	1
Goods for resale	2 740	2 814	2 704
Current receivables	1 742	1 646	1 506
Cash and cash equivalents	625	207	420
TOTAL ASSETS	12 854	12 783	12 193
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	4 788	4 375	4 595
Long-term liabilities, interest-bearing	3 201	3 442	2 743
Long-term lease liabilities	1 262	1 220	1 168
Deferred tax liabilities	332	382	388
Long-term liabilities, non-interest-bearing	17	70	16
Current liabilities, interest-bearing	384	715	611
Current lease liabilities	446	449	432
Current liabilities, non-interest-bearing	2 426	2 131	2 240
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	12 854	12 783	12 193

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	March 31 2021	March 31 2020	December 31 2020
Shareholders' equity at the beginning of the year	4 595	4 335	4 335
Comprehensive income for the period	195	22	265
Share swap	-	-	-18
Acquisition/divestment of non-controlling interests	-2	19	13
Shareholders' contributions from minority shareholders	-	-	2
Dividend to shareholders	-	-2	-4
Share savings program	1	0	2
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	4 788	4 375	4 595
Of which non-controlling interests	75	53	68

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	358	202	1 650	1 494
Tax paid	-95	-57	-208	-170
Cash flow from operating activities before changes in working capital	263	145	1 442	1 324
Cash flow from changes in working capital:				
Changes in inventory	18	24	-4	2
Changes in receivables	-201	-43	-143	15
Changes in liabilities	99	-65	447	284
<i>Increase (-)/Decrease (+) working capital</i>	<i>-84</i>	<i>-83</i>	<i>300</i>	<i>301</i>
Cash-flow from operating activities	179	62	1 742	1 625
Cash flow from investing activities	-58	-67	-177	-186
Cash flow from financing activities	70	-161	-1 108	-1 339
CASH FLOW FOR THE PERIOD	191	-166	457	100
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	420	355	207	355
Exchange-rate differences in cash and cash equivalents	14	18	-39	-35
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	625	207	625	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.

CONSOLIDATED DERIVATIVE INSTRUMENTS MEASURED AT FAIR VALUE IN THE BALANCE SHEET, SEK M	March 31 2021	March 31 2020
FINANCIAL ASSETS		
Derivatives: Cross-currency swaps	-	-
Interest-rate swaps	-	-
TOTAL	-	-
FINANCIAL LIABILITIES		
Derivatives: Cross-currency swaps	13	-
Interest-rate swaps	7	16
TOTAL	20	16

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

SEK M	Instruments measured at fair value through Income Statement	Financial assets accrued acquisition value	Financial liabilities accrued acquisition value	Total carrying amount	Fair value	Non-monetary assets & liabilities	Total Balance sheet summary
FINANCIAL ASSETS							
Financial fixed assets	-	70	-	70	70	31	101
Accounts receivable	-	1 355	-	1 355	1 355	-	1 355
Other current receivables	-	-	-	-	-	387	387
Cash and cash equivalents	-	625	-	625	625	-	625
TOTAL	-	2 051	-	2 051	2 051	418	2 469
FINANCIAL LIABILITIES							
Long-term liabilities, interest-bearing ¹⁾	-	-	3 182	3 182	3 182	-	3 182
Long-term lease liabilities	-	-	1 262	1 262	-	-	1 262
Long-term liabilities, non-interest-bearing	-	-	-	-	-	10	10
Derivative instruments ²⁾	20	-	-	20	20	-	20
Supplementary purchase considerations, long-term	6	-	-	6	6	-	6
Current liabilities, interest-bearing	-	-	197	197	197	186	384
Current lease liabilities	-	-	446	446	-	-	446
Accounts payable	-	-	1 308	1 308	1 308	-	1 308
Other current liabilities	-	-	-	-	-	1 112	1 112
Supplementary purchase considerations, short-term	6	-	-	6	6	-	6
TOTAL	33	-	6 394	6 427	4 719	1 308	7 735

¹⁾ The amount includes a liability related to share swap SEK 18 M.

²⁾ Derivative instruments used for hedging purposes.

QUARTERLY DATA, BUSINESS AREA	2021		2020					2019				
	Q1	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1	
NET SALES, SEK M ¹⁾												
FTZ	874	3 369	867	808	841	853	3 371	875	800	860	836	
Inter-Team	451	1 988	457	524	490	516	2 155	524	532	582	517	
MECA/Mekonomen ²⁾	1 460	5 363	1 369	1 320	1 342	1 332	5 558	1 379	1 355	1 452	1 372	
Sørensen og Balchen	215	791	187	210	221	172	759	176	192	207	183	
Central functions ^{2) 3)}	1	1	0	0	0	0	0	0	0	0	0	
GROUP	3 001	11 511	2 879	2 863	2 894	2 874	11 842	2 954	2 879	3 100	2 909	
EBIT, SEK M												
FTZ	96	331	76	91	80	84	299	51	69	87	93	
Inter-Team	6	86	38	31	19	-1	43	20	9	15	-1	
MECA/Mekonomen ²⁾	89	352	160	91	101	0	432	57	127	145	103	
Sørensen og Balchen	44	170	34	53	60	23	121	28	30	38	24	
Central functions ^{2) 3)}	-11	-46	-9	-19	-10	-7	-33	-13	-5	-5	-10	
Other items ⁴⁾	-38	-155	-38	-38	-39	-39	-157	-39	-39	-39	-39	
GROUP	186	738	260	208	211	59	705	104	191	240	170	
EBIT MARGIN, %												
FTZ	11	10	9	11	10	10	9	6	9	10	11	
Inter-Team	1	4	8	6	4	0	2	4	2	3	0	
MECA/Mekonomen ²⁾	6	6	11	7	7	0	8	4	9	10	7	
Sørensen og Balchen	20	21	18	25	27	13	16	16	16	18	13	
GROUP	6	6	9	7	7	2	6	3	7	8	6	
INVESTMENTS, SEK M ⁵⁾												
FTZ	16	25	8	8	6	3	10	3	1	5	1	
Inter-Team	6	18	7	3	1	7	13	5	5	2	1	
MECA/Mekonomen	27	101	38	19	20	25	103	22	28	27	26	
Sørensen og Balchen	1	6	1	1	1	3	5	0	0	1	4	
Central functions ³⁾	1	1	1	0	0	0	0	0	0	0	0	
GROUP	51	152	55	31	28	38	131	30	34	35	32	

¹⁾ Net sales for each business area are from external customers.

²⁾ External operations in ProMeister 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, MECA and Sørensen og Balchen.

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

REVENUE DISTRIBUTION PER COUNTRY SEK M	Jan-Mar 2021						Jan-Mar 2020					
	Denmark	Poland	Finland	Norway	Sweden	Total	Denmark	Poland	Finland	Norway	Sweden	Total
Revenue distribution per country												
FTZ	874					874	853					853
Inter-Team		451				451		516				516
MECA/Mekonomen			25	558	878	1 460			17	498	817	1 332
Sørensen og Balchen				215		215				172		172
Central functions						1						0
Total net sales, Group						3 001						2 874
Other revenue						57						42
GROUP REVENUE						3 058						2 917

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

QUARTERLY DATA SEK M	2021		2020				2019				
	Q1	Full-year	Q4	Q3	Q2	Q1 Full-year	Q4	Q3	Q2	Q1	
Revenue	3 058	11 763	3 000	2 899	2 947	2 917	12 017	2 995	2 929	3 144	2 948
EBITDA	386	1 574	463	421	426	265	1 531	313	400	443	375
EBITDA excl. IFRS 16	264	1 052	340	287	289	136	1 008	180	268	315	245
Adjusted EBIT	224	937	287	270	281	98	874	149	231	280	214
EBIT	186	738	260	208	211	59	705	104	191	240	170
Net financial items	-46	-141	-13	-41	-17	-71	-150	-27	-44	-38	-41
Profit after financial items	140	596	247	167	194	-11	555	77	147	202	129
Tax	-32	-150	-60	-40	-46	-3	-134	-22	-34	-45	-33
Profit for the period	108	446	187	127	148	-15	421	55	113	157	96
EBITDA margin, %	13	13	15	15	14	9	13	10	14	14	13
Adj. EBIT margin, %	7	8	10	9	10	3	7	5	8	9	7
EBIT margin, %	6	6	9	7	7	2	6	3	7	8	6
Earnings per share before and after dilution, SEK	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	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	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⁾	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	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	Jan-Mar	Jan-Mar	12 months	Full-year
	2021	2020	Apr-Mar	2020
Return on shareholders' equity, % ¹⁾	12,3	7,2	12,3	9,8
Return on total capital, % ¹⁾	7,0	4,3	7,0	5,8
Return on capital employed, % ¹⁾	8,9	5,5	8,9	7,4
Equity/assets ratio, %	37,2	34,2	37,2	37,7
Net debt, SEK M	2 733	3 928	2 733	2 673
Net debt/EBITDA excl. IFRS 16 multiple ¹⁾	2,32	4,37	2,32	2,54
Net debt incl. IFRS 16 /EBITDA, multiple ¹⁾	2,62	3,94	2,62	2,71
Gross margin, %	44,7	44,0	45,3	45,1
EBITDA margin, %	12,6	9,1	14,2	13,4
Adjusted EBIT margin, %	7,3	3,4	8,9	8,0
EBIT margin, %	6,1	2,0	7,3	6,3
Earnings per share before and after dilution, SEK	1,85	-0,29	9,80	7,67
Shareholders' equity per share, SEK	83,7	76,7	83,7	80,4
Cash flow per share, SEK	3,2	1,1	30,9	28,9
Number of outstanding shares at the end of the period ²⁾	56 323 372	56 323 372	56 323 372	56 323 372
Average number of shares during the period	56 323 372	56 323 372	56 323 372	56 323 372

¹⁾ The key figures for return on shareholders' equity/return on total capital/return on capital employed and Net debt/EBITDA are calculated on a rolling 12-month basis for the period January-March.

²⁾ The total number of shares amounts to 56,416,622, of which 93,250 are own shares at the end of the quarter.

NUMBER OF BRANCHES AND WORKSHOPS	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Group	
	March 31		March 31		March 31		March 31		March 31	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of branches										
Proprietary branches	50	51	79	80	229	234	37	37	395	402
Partner branches	-	-	3	3	50	43	28	28	81	74
Total	50	51	82	83	279	277	65	65	476	476
Number of workshops ¹⁾										
AutoMester	413	421	-	-	-	-	-	-	413	421
Hella Service Partner	323	331	-	-	-	-	-	-	323	331
Din BilPartner	151	154	-	-	-	-	-	-	151	154
CarPeople	55	40	-	-	-	-	-	-	55	40
Inter Data Service	-	-	454	423	-	-	-	-	454	423
O.K. Servis	-	-	226	205	-	-	-	-	226	205
Mekonomen Bilverkstad	-	-	-	-	774	795	-	-	774	795
MECA Car Service	-	-	-	-	716	722	-	-	716	722
MekoPartner	-	-	-	-	192	204	-	-	192	204
Speedy	-	-	-	-	42	43	-	-	42	43
MECA Tungbil	-	-	-	-	10	-	-	-	10	-
AlltiBil	-	-	-	-	7	8	-	-	7	8
BilXtra	-	-	-	-	-	-	253	254	253	254
Total	942	946	680	628	1 741	1 772	253	254	3 616	3 600

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

AVERAGE NUMBER OF EMPLOYEES	Jan-Mar 2021	Jan-Mar 2020
FTZ	1 123	1 121
Inter-Team	1 422	1 474
MECA/Mekonomen ¹⁾	2 130	2 151
Sørensen og Balchen	260	257
Central functions ^{1) 2)}	23	15
Total	4 958	5 018

¹⁾ External operations in ProMeister 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	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
Operating revenue	19	19	80	80
Operating expenses	-32	-24	-120	-111
EBIT	-13	-4	-40	-31
Net financial items ¹⁾	135	-135	778	509
Profit after financial items	122	-139	739	478
Appropriations	-	-	59	59
Tax	25	30	-19	-15
PROFIT FOR THE PERIOD	147	-109	779	522

¹⁾ Net financial items include dividends on participations in subsidiaries totaling SEK 246 M (-) for the quarter and SEK 474 M for the full-year 2020.

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME, SEK M	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
Profit for the period	147	-109	779	522
COMPREHENSIVE INCOME FOR THE PERIOD	147	-109	779	522

CONDENSED BALANCE SHEET FOR THE PARENT COMPANY, SEK M	March 31 2021	March 31 2020	December 31 2020
ASSETS			
Fixed assets	9 181	9 077	9 149
Current receivables in Group companies	87	222	67
Other current receivables	30	28	79
Cash and cash equivalents	198	96	246
TOTAL ASSETS	9 496	9 423	9 541
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	5 818	5 055	5 670
Untaxed reserves	238	211	238
Provisions	3	3	3
Long-term liabilities	3 190	3 417	2 724
Current liabilities in Group companies	24	3	500
Other current liabilities	222	733	406
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	9 496	9 423	9 541

SUMMARY OF CHANGES IN EQUITY FOR THE PARENT COMPANY, SEK M	March 31 2021	March 31 2020	December 31 2020
Shareholders' equity at the beginning of the year	5 670	5 164	5 164
Comprehensive income for the period	147	-109	522
Share swap	-	-	-18
Share savings program	1	0	2
SHAREHOLDERS' EQUITY AT THE END OF THE PERIOD	5 818	5 055	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. The alternative performance measures are not always comparable with 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 20. 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-Mar 2021	Jan-Mar 2020	12 months apr - mar	Full-year 2020
Profit for the period (rolling 12-month basis)	569	310	569	446
– Less non-controlling interest of profit for the period (rolling 12 months)	-17	-7	-17	-15
Profit for the period excluding non-controlling interest (rolling 12 months)	552	303	552	432
– Divided by SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, average over the past five quarters ¹⁾	4 472	4 228	4 472	4 390
RETURN ON SHAREHOLDERS' EQUITY, %	12,3	7,2	12,3	9,8

¹⁾ SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS, SEK M	2021	2020				2019			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Shareholders' equity	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	-75	-68	-66	-63	-53	-32	-33	-29	-32
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	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	4 472	4 390	4 348	4 297	4 228	4 129	3 731	3 344	2 998

RETURN ON TOTAL CAPITAL SEK M	Jan-Mar 2021	Jan-Mar 2020	12 months apr - mar	Full-year 2020
Profit after financial items (rolling 12 months)	748	415	748	596
– Plus interest expenses (rolling 12 months)	130	146	130	133
Profit after financial items plus interest expenses (rolling 12 months)	878	561	878	729
– Divided by TOTAL ASSETS, average over the past five quarters ²⁾	12 613	12 999	12 613	12 616
RETURN ON TOTAL CAPITAL, %	7,0	4,3	7,0	5,8

²⁾ TOTAL ASSETS SEK M	2021	2020				2019			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	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	12 613	12 616	12 803	12 888	12 999	12 616	12 264	10 798	9 296

RETURN ON CAPITAL EMPLOYED SEK M	Jan-Mar 2021	Jan-Mar 2020	12 months apr - mar	Full-year 2020
Profit after financial items (rolling 12 months)	748	415	748	596
– Plus interest expenses (rolling 12 months)	130	146	130	133
Profit after financial items plus interest expenses (rolling 12 months)	878	561	878	729
– Divided by CAPITAL EMPLOYED, average over the past five quarters ³⁾	9 817	10 263	9 817	9 839
RETURN ON CAPITAL EMPLOYED, %	8,9	5,5	8,9	7,4

3) CAPITAL EMPLOYED SEK M	2021	2020				2019			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total assets	12 854	12 193	12 693	12 540	12 783	12 870	13 127	13 118	13 099
– Less deferred tax liabilities	-332	-388	-377	-385	-382	-428	-443	-439	-465
– Less long-term liabilities, non-interest-bearing	-17	-16	-95	-82	-70	-20	-20	-20	-20
– Less current liabilities, non-interest-bearing	-2 426	-2 240	-2 627	-2 414	-2 131	-2 227	-2 453	-2 323	-2 244
CAPITAL EMPLOYED	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	9 817	9 839	9 972	10 120	10 263	9 856	9 480	8 292	7 066

GROSS MARGIN SEK M	Jan-Mar	Jan-Mar	12 months	Full-year
	2021	2020	apr - mar	2020
Net sales	3 001	2 874	11 638	11 511
– Less goods for resale	-1 660	-1 611	-6 368	-6 318
Total	1 340	1 264	5 270	5 193
– Divided by net sales	3 001	2 874	11 638	11 511
GROSS MARGIN, %	44,7	44,0	45,3	45,1

EARNINGS PER SHARE SEK M	Jan-Mar	Jan-Mar	12 months	Full-year
	2021	2020	apr - mar	2020
Profit for the period	108	-15	569	446
– Less non-controlling interests' share	-4	-2	-17	-15
Profit for the period attributable to Parent Company's shareholders	104	-16	552	432
– Divided by Average number of shares ⁴⁾	56 323 372	56 323 372	56 323 372	56 323 372
EARNINGS PER SHARE, SEK	1,85	-0,29	9,80	7,67

SHAREHOLDERS' EQUITY PER SHARE SEK M	Jan-Mar	Jan-Mar	12 months	Full-year
	2021	2020	apr - mar	2020
Shareholders' equity	4 788	4 375	4 788	4 595
– Less non-controlling interest of shareholders' equity	-75	-53	-75	-68
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO PARENT COMPANY'S SHAREHOLDERS	4 713	4 322	4 713	4 527
– Divided by number of shares at the end of the period ⁴⁾	56 323 372	56 323 372	56 323 372	56 323 372
SHAREHOLDERS' EQUITY PER SHARE, SEK	83,7	76,7	83,7	80,4

CASH FLOW PER SHARE SEK M	Jan-Mar	Jan-Mar	12 months	Full-year
	2021	2020	Apr-Mar	2020
Cash flow from operating activities	179	62	1 742	1 625
– Divided by Average number of shares ⁴⁾	56 323 372	56 323 372	56 323 372	56 323 372
CASH FLOW PER SHARE, SEK	3,2	1,1	30,9	28,9

4) AVERAGE NUMBER OF SHARES	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
Number of shares at the end of the period	56 323 372	56 323 372	56 323 372	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	90	365	365
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	90	365	365
AVERAGE NUMBER OF SHARES	56 323 372	56 323 372	56 323 372	56 323 372

NET DEBT SEK M	March 31 2021	March 31 2020	December 31 2020
Long-term liabilities, interest-bearing incl. lease liability	4 463	4 662	3 911
– Less interest-bearing long-term liabilities and provisions for pensions, leases, derivatives and similar obligations	-1 303	-1 242	-1 202
Current liabilities, interest-bearing incl. lease liability	829	1 164	1 043
– Less interest-bearing current liabilities and provisions for pensions, leases, derivatives and similar obligations	-632	-449	-659
– Less cash and cash equivalents	-625	-207	-420
NET DEBT	2 733	3 928	2 673

NET DEBT INCL. IFRS 16 SEK M	March 31 2021	March 31 2020	December 31 2020
NET DEBT	2 733	3 928	2 673
– Plus long-term lease liabilities according to IFRS 16	1 262	1 220	1 168
– Plus current lease liabilities according to IFRS 16	446	449	432
NET DEBT INCL. IFRS 16	4 440	5 598	4 273

EBITDA EXCL. IFRS 16	Jan-Mar 2021	Jan-Mar 2020	12 months Apr-Mar	Full-year 2020
EBITDA according to income statement	386	265	1 696	1 574
– less change relating to lease expenses in accordance with IFRS 16	-122	-128	-516	-522
EBITDA excluding IFRS 16	264	136	1 180	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 are depreciation 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.
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