ANNUAL REPORT 2021

ENABLING MOBILITY

Mekonomen Group

CONTENT

Mekonomen Group's formal annual report is covered by pages 33–91. Only the formal annual report in the original version has been reviewed by the company's auditors. Regarding the sustainability report, the auditors have issued a statement that the report has been prepared correctly, see page 105. The annual report is published in Swedish and English, the Swedish version is the original version and has been translated into English. The Group's remuneration report is published separately on our website www.mekonomen.com.

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

MOBILITY TODAY, TOMORROW AND IN THE FUTURE

The demand for mobility is timeless and sustainable over time. We will continue to focus on profitability, growth, and creating value for our customers as technology evolves and creates new opportunities.

This, together with our strong position and well-known brands, makes us well equipped for the future.

VISION

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

MISSION

We are an international corporate Group that operates and develops business in the automotive aftermarket. We focus on growth, collaboration, creating synergies and on 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 technologydevelops and vehicles are used in new ways.

We meet the need for services and products for vehicle workshops and other companies through our market-leading concepts, distribution networks, and our efficient logistics chain. Our concepts are also aimed at vehicle owners, both private individuals and companies, where we meet the need for service and repair of vehicles.

A HISTORICALLY PROFITABLE YEAR, WELL POSITIONED FOR PROFITABLE GROWTH

It is with pride that I summarize 2021. Never before has Mekonomen Group achieved a better result while simultaneously being so well equipped for the future. During the year, organic growth increased sharply – at the same time as profitability rose and we established our strategy for long-term sustainable growth. Our entire business is based on sustainability where we enable car owners to keep their vehicles longer through repairs, thus contributing to reduced emissions caused by the manufacture of new cars. We have also strengthened our leading position in the transition to an electrified vehicle fleet. Looking ahead, I am optimistic: We will continue to deliver long-term and profitable growth.

THE YEAR IN BRIEF

- **Net sales** amounted to SEK 12,309 M (11,511). Net sales increased by 7 percent, where organic growth was 8 percent.
- **Adjusted EBIT** increased to SEK 1,031 M (937) and adjusted EBIT margin amounted to 8 (8) percent.
- **EBIT** increased to SEK 894 M (738) and the EBIT margin to 7 (6) percent. EBIT has been positively affected by items affecting comparability of SEK 3 M (negatively 44).
- **Earnings per share**, both before and after dilution, amounted to SEK 10.21 (7.67).
- **Cash flow** from operating activities amounted to SEK 1,227 M (1,625).
- **Net debt** amounted to SEK 2,264 M (2,673).
- The Board of Directors proposes **a dividend of SEK 3**.00 (0.00).

Strong measures to reduce costs and increase profitability

Organic net sales growth increased significantly by 7 percent for the 2021 financial year, mainly due to determined efforts to increase sales. Net sales increased to SEK 12,309 M, negatively affected by exchange rate effects of 2 percent.

The market development has generally been good. The restrictions in the wake of covid-19 have at times led to closed branches and workshops during different periods in different markets, but the effect has been limited. Thanks to our efforts and strong relationships with our suppliers and partners, we have pared higher commodity prices, shortage of individual components, and disruptions in the supply chains. All in all, we have been able to ensure a good supply of spare parts and accessories, and also increases the width in our warehouses.

It is particularly gratifying that we are seeing increased loyalty among our customers, which is a testament to our long-term quality work and unique availability. We believe that we have gained market share in several of our markets and we expect continued good demand for our products and services.

Historically strong profitability

Profitability reached its highest level so far in a single year. The main reason was strong growth, a focused effort to lower our costs and we have now, according to plan, realized the

clear purchasing synergies we envisioned when we completed the strategic acquisitions of FTZ and Inter-Team in 2018. The gross margin improved to 45.5 percent, where our proven ability to create synergies in the Group played a central role, the EBIT increased to SEK 894 M and the EBIT margin increased to 7 percent. The comparison year was negatively affected by both covid-19 and the IT intrusion that business area MECA/ Mekonomen suffered during the spring of 2020. We have also been positively affected by exchange rate effects during 2021.

Going forward, in one way or another we will be affected by the global consequences that Russia's invasion of Ukraine in February 2022 are creating. The consequences may be increased purchase prices, currency effects and shortage of raw materials, where we will secure our business as needs may arise. Among other things, we increase and optimize our availability while preparing new initiatives for an even more efficient and sustainable logistics – an area where we have industry-leading expertise.

Strong financial position opens up opportunities

During the year, we continued the consistent and purposeful work to further strengthen our financial position and reach our financial goals. As a result, our net debt to EBITDA ratio has decreased from 2,5 to 1.89 times at the end of the financial

”WE HAVE NOW REALIZED THE CLEAR PURCHASING SYNERGIES WE ENVISIONED WHEN WE COMPLETED THE STRATEGIC ACQUISITIONS OF FTZ AND INTER-TEAM IN 2018 ACCORDING TO PLAN.”

"DURING THE YEAR WE CONTINUED THE CONSISTENT AND PURPOSEFUL WORK TO FURTHER STENGHTEN OUR FINANCIAL POSITION AND REACH OUR FINANCIAL GOALS."

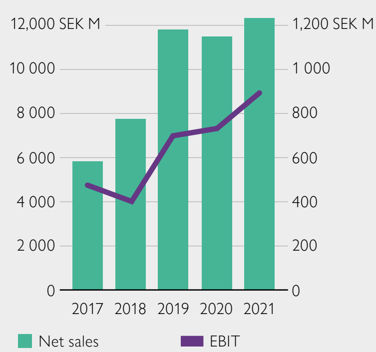
year. We have also strengthened cash flow from operating activities, before changes in working capital, to SEK 1,425 M from previous SEK 1,324 M. Our cash and cash equivalents have increased. Working capital increased slightly as a result of the strategic warehouse structure we have built up to ensure short-term supply of goods to avoid global logistical challenges posed by the pandemic. During the first quarter, we broadened the base of our financing by issuing a bond of SEK 1.25 billion with maturity in 2026.

All in all, at the end of the financial year, we have a strong financial position and good liquidity where we reach the goals for growth and net debt/EBITDA. The position of strength is the basis for the Board's proposal to reintroduce dividends and also gives us opportunities to invest in continued growth. Investments can be made both organically and through carefully selected strategic acquisitions that contribute to increased value, here we have built up industry-leading expertise in developing businesses and extracting synergies through several successful acquisitions. We also see large potential to continue streamlining our existing operations to achieve our financial long-term profitability target of 10 percent adjusted EBIT no later than 2025.

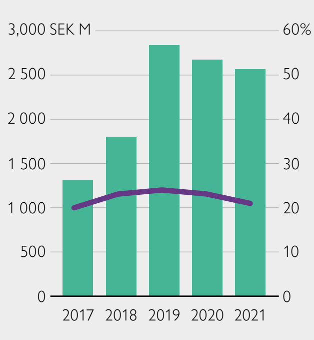
Strategy for the future

Our vision is to enable mobility – today, tomorrow, and in the future. This vision forms the basis of our strategy, which was presented at a well-attended Digital Capital Markets Day in spring 2021. Our overall goal is to reach a turnover of SEK 15 billion by 2025 and an adjusted EBIT of SEK 1.5 billion. The goal can be achieved organically and through acquisitions. The strategy focuses on four areas: operational excellence, concept development for workshops, new customer solutions

NET SALES AND EBIT



WORKING CAPITAL



FINANCIAL OVERVIEW

Ratios	2021	2020	2019
Net sales, SEK M	12,309	11,511	11,842
Adjusted EBIT, SEK M	1,031	937	874
Operating profit (EBIT), SEK M	894	738	705
Profit for the year, SEK M	587	446	421
Earnings per share, SEK	10,21	7,67	7,34
Adjusted EBIT margin, %	8	8	7
EBIT margin, %	7	6	6
Cash flow per share, SEK[1)]	21,9	28,9	20,3
Dividend per share, SEK[2)]	3,0	–	–
Return on shareholders´ equity, %	12	10	10
Equity/assets ratio, %[3)]	40	38	34
Net debt/EBITDA, times[4)]	1.89	2.54	3.68

1. From day-to-day operations.
2. Proposals for 2021.
3. The equity/assets ratio has changed materially as a result of IFRS 16.
4. Net debt/EBITDA refers to EBITDA ex IFRS 16.

for car owners, and new revenue streams. Together they form the foundation for our transformation, where we can fully benefit from the trend towards greener vehicle technology and new customer behavior as digitalization continues. In this way, we strengthen our leading positon within sustainability which is an integral part of everything we do.

Russia's invasion of Ukraine in February 2022 has created great concern in the world and it has never been more important for us as a company to clarify our values regarding democracy and human rights. We continue to work on the basis of the UN Sustainable Development Goals and stand behind the UN Global Compact principles that we signed in 2013. In addition we have reached 3 out of 6 sustainability targets during 2021. for example all employees completed training in the Group's Code of Conduct.

Innovative services and solutions for continued growth
In line with the strategy, we work intensively to create attractive solutions for affiliated workshops and other customers. During the first quarter, Mekonomen launched an innovative service agreement for Swedish car owners, with clear fixed prices and simple terms.

We have also built on the concept for heavy vehicles, which was launched at the end of 2020. Here we offer a wide range of spare parts, tools and workshop equipment for heavy vehicles through the industry's most efficient logistics and distribution. The goal is to establish 50 workshops in Norway within the concept by the end of 2023, supplemented by 30 distribution centers on the Swedish market.

We already have highly efficient digitalized solutions for our B2B customers. As demand has increased, we have also equipped our e-commerce platforms and digital services for end consumers. This investment has contributed to a sharp increase in e-commerce sales and a doubling of the number of digital bookings for workshop services in 2021.

First choice for all electric car owners
For several years, we have been the industry leader in three of our four main markets. Our ambition going forward is to also be the first choice for electric car owners in Northern Europe. During the year, we have expanded the lead in the industry transition towards an electrified vehicle fleet. As the first player, we launched a new standard for servicing electric cars, E+, which ensures that the workshops have the right skills and equipment to take care of electric cars. By the end of 2021, over 2,000 of our 3,600 affiliated workshops met the requirements for E+. After this milestone, we have increased the pace of training of our workshops, including through a training tour, for deepened electric car competence, in 29 locations in Sweden. In addition, we have expanded and secured the range of spare parts for the vast majority of the electric cars used in our markets today.

"THE NEW GENERATION OF ELECTRIC CAR MANUFACTURERS IS LOOKING FOR EFFICIENT SALES CHANNELS AND COLLABORATIONS WITH EXISTING PLAYERS TO QUICKLY ESTABLISH THEMSELVES IN NEW MARKETS."

Letter of intent with electric car manufacturer Fisker
The car roadmap is being redrawn – which means great opportunities for Mekonomen Group. The new generation of electric car manufacturers is looking for efficient sales channels and collaborations with existing players to quickly establish themselves in new markets. Here we are an attractive partner with our wide network of branches, an efficient wholesale and logistics business, unbeatable availability, and a large number of workshops with high electric car expertise. It is therefore both gratifying and a clear proof of our position that the electric car manufacturer Fisker chose to sign a letter of intent with us in 2021. The cooperation include service and repairs in Denmark, Norway, and Sweden, development of new services such as mobile service and training of workshops to take care of Fisker's electric cars. Together we develop a new aftermarket business. We see great opportunities for growth together with Fisker and other electric car players in the future.

Well positioned for long-term sustainable growth
Mobility is one of the pillars of the society. The need for mobility is stable regardless of economic cycles or seasons. We will adapt our business based on, and contribute to, the development of new and greener technologies in vehicles, new consumer behaviors, and an increased overall focus on sustainability. Looking ahead, I am optimistic: We will continue to deliver long-term sustainable and profitable growth with our strategy as a solid foundation.

It is gratifying that we have put another successful year behind us – the best in our history. I would like to say a big thank you to all colleagues and other stakeholders in all markets.

Pehr Oscarson,
President and CEO

DENMARK

#1 POSITION ON THE MARKET

Net sales 3,480
Number of branches 50
Number of affiliated workshops 919
Number of employees 1,125

NORWAY

#1 POSITION ON THE MARKET

Net sales 3,055
Number of branches 129
Number of affiliated workshops 992
Number of employees 1,014

POLAND

#4 POSITION ON THE MARKET

Net sales 2,091
Number of branches 85
Number of affiliated workshops 791
Number of employees 1,472

SWEDEN

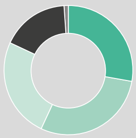
#1 POSITION ON THE MARKET

Net sales 3,564
Number of branches 196
Number of affiliated workshops 941
Number of employees 1,479

FINLAND

Net sales 111
Number of branches 19
Number of affiliated workshops 78
Number of employees 29

MEKONOMEN GROUP'S NET SALES DISTRIBUTED BY COUNTRY



MARKET-LEADING SPARE PARTS DISTRIBUTOR IN NORTHERN EUROPE

Well positioned for profitable growth
Mekonomen Group is a leading spare parts distributor with well-known concepts and brands in Northern Europe – number 1 on the market in Denmark, Norway, and Sweden, and number 4 in the Polish market with exports to Germany, the Czech Republic and the Baltics, among others.

Efficient purchasing and logistics flows
Through optimized purchases, warehouse availability and transports, we create efficient goods flows. Our large purchasing volumes and broad portfolio of own brands provide the opportunity for competitive and differentiated offerings for our customers. Order management and sales platforms are mainly digital, and through our efficient logistics chain we can offer workshops and other corporate customers a high availability, a wide range and fast deliveries.

Cost synergies and competitive advantages through size
Our size gives us a competitive advantage and positive synergies. In addition, we have the opportunity to invest in, and be at the forefront of, future customer offerings, logistics and support systems. We have customized workshop concepts and are an attractive partner for new and established players who are looking for efficient sales channels or want to establish themselves in our markets.

Strong cash flows and stable financial position
We have a fundamentally solid business and a strong and strategic focus on profitable growth. Our business model has a low capital requirement and generates strong and stable cash flows through a high proportion of recurring transactions. This gives us good conditions for further expansion into new markets and service areas, both organically and through acquisitions, and dividends to our shareholders.

A sustainable business for the future
Mekonomen Group seeks to drive the sustainable development in our industry. We have taken an active role in the transformation towards a less fossil-dependent car fleet through service, repairs, and products for electric and hybrid cars. Our own training academies ensure relevant skills and train the next generation of automotive technicians. We will be the car owner's first choice regardless of the model and fuel.

NET SALES, SEK M

12,309

OPERATING PROFIT (EBIT), SEK M

894

NUMBER OF AFFILLIATED WORKSHOPS

3,721

NUMBER OF BRANCHES

479

VALUE-CREATING BUSINESS

OPERATIONS

Mekonomen Group's core business encompasses purchasing, warehousing and sales of spare parts to workshops, other companies and car owners. Sales of products are done through a wide network of branches and local warehouses as well as e-commerce. In addition, we develop and provide concepts of services and solutions to workshops and car owners.

MEKONOMEN GROUP

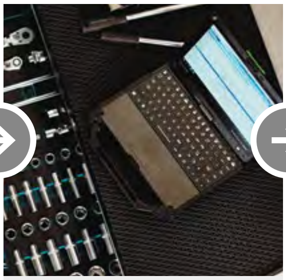
CUSTOMERS

PURCHASING AND WHOLESALE

Through our central purchasing function and our central and regional warehouses, we create economies of scale that allow us to purchase and stock an affordable and wide range of spare parts and automotive accessories.

BRANCHES AND REGIONAL WAREHOUSES

We distribute products from our central and regional warehouses to our nationwide networks of branches and local warehouses. From here, sales are made to workshops, other companies and consumers.



WORKSHOP CONCEPTS

We offer workshop concepts with services and solutions to our affiliated workshops. In addition to a wide and available range, workshops gain access to technical support, skills development, quality and management systems, recruitment support, business systems and customers from central booking feeds.

CAR OWNERS

Our workshop and branch concepts are developed with high consumer insight to ensure the customer experience all the way. Car owners are both private individuals and companies, with the latter group often owning multiple cars and having a so-called fleet agreement with the Group around workshop services.

MULTIDIMENSIONAL VALUE CREATION

By continuing to develop and strengthen our business, we create value for customers, employees, business partners, shareholders, and the society at large.

FOR CUSTOMERS

- Available, affordable, and relevant range of products and services.
- Digital development for a seamless customer experience for our workshops, other business customers and for car owners.

FOR EMPLOYEES

- Employs 5,118 employees[2], as well as an additional tens of thousands of workshop employees under our brands and concepts.
- Inclusive workplaces with the possibility of development and involvement.
- Technical skills development for connected workshop employees. Just over 4,000 digital course opportunities and 1,000 physical education days have been held in 2021.

FOR BUSINESS PARTNERS

- Purchase collaborations and good relationships with a large number of suppliers.
- Business collaborations with car makers and players with related activities such as car washing and car inspection with the aim of creating comprehensive solutions and one-stop shop for customers.

FOR OWNERS

- Investment with profitable growth.
- The board proposes a dividend per share of SEK 3.00 for 2021.

FOR THE SOCIETY

- Employment and payment of taxes and social security contributions.
- Contributes to climate change in society, including leading electric car transformation in the industry through competence development and available assortment of products and services for electric cars.
- Contributes to social sustainability through strict compliance with the UN Global Compact and clear code of conduct.

5,118
CO-WORKERS

5,000
TRAINING COURSES FOR AUTOMOTIVE TECHNICIANS

3.00
SEK DIVIDEND PER SHARE

HOW MEKONOMEN GROUP MEETS UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS

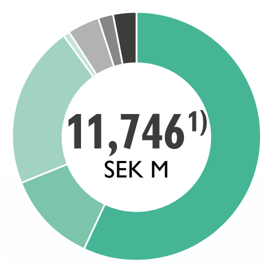
7 AFFORDABLE AND CLEAN ENERGY – page 19, 21–23

12 RESPONSIBLE CONSUMPTION AND PRODUCTION – page 19, 21–23, 25

8 DECENT WORK AND ECONOMIC GROWTH – page 19–21, 24–25

13 CLIMATE ACTION – page 19, 21–23

ECONOMIC DISTRIBUTION OF VALUE TO OUR STAKEHOLDERS



- Suppliers, spare parts & accessories, 57%
- Suppliers, other products & services, 12%
- Employees, 21%
- Lenders, financial partners, 1%
- Society, 4%
- Shareholders, 2%
- Kept in the operations, 3%

1. Revenues minus depreciation and write-downs, a total of SEK 11,746 M.
2. Average number of employees.

GREAT OPPORTUNITIES IN A STEADILY GROWING VEHICLE AFTERMARKET

The main drivers of the aftermarket for passenger cars and light trucks are the number of cars on the roads and their mileage. Global trends and new technologies contribute to a changing need of customers, creating new growth opportunities for Mekonomen Group.

As a rule, the need for maintenance and repair does not increase until the cars reach an age of five years. Simultaneously, new automotive technologies and other global trends, including digitization, sustainability, and availability, are creating new needs and expectations among the customers. The need for new solutions and services, regardless of the age of the cars, provides the opportunity for existing players to broaden and integrate their offerings or for new entrants to take part of the market.

One trend in the European aftermarket is to address size benefits through acquisitions of other players. Partly to leverage synergy effects and partly to have a greater possibility of investing in future customer offerings. Mekonomen Group has successfully taken part of the consolidation in the market through the acquisitions of Sørensen og Balchen (2011), MECA (2012) as well as FTZ and Inter-Team (2018). Our main markets have made varying progress in this consolidation, where the Nordic markets are more consolidated than the Polish market.

For us, it's important to have a strong insight into how the market and our customers' needs are changing and how we are affected by it. By resorting to these driving forces, we are creating long-term and sustainable growth.

MEKONOMEN GROUP'S POSITION IN THE MAIN MARKETS

Denmark

In Denmark, Mekonomen Group operates operations through the FTZ business area, with a range of market-leading concepts. Denmark is very much a consolidated market, with FTZ as the largest player.

Competing actors: CAC Carl Christensen, Auto-G and AD Denmark, as well as branded workshops, with the latter making up a large share of the market.

Norway

In Norway, Mekonomen Group operates through the business areas of MECA/Mekonomen and Sørensen og Balchen, with a range of market-leading concepts. The Norwegian market is consolidated and consists of a few major players. In addition, Norway has the fastest development in the world in terms of the transition to electric cars.

Competing actors: NDS, Romnes, and KG Knutson, as well as branded workshops, with the latter making up a large share of the market.

Poland

In Poland, Mekonomen Group runs operations through the Inter-Team business area with well-developed concepts. The Polish market is fragmented and characterized by high price competition.

Competing actors: Inter-Cars, Moto-Profile, Auto Partner, Gordon and ELIT (owned by Mekonomen Group's largest shareholder, LKQ Corporation), as well as branded workshops, with the latter making up a large share of the market.

Sweden

In Sweden, Mekonomen Group runs operations through the MECA/Mekonomen business area, with a range of market-leading concepts. The Swedish aftermarket is largely consolidated, with MECA/ Mekonomen as the largest player.

Competing actors: Autoexperten, AD Car Parts, and BDS, as well as branded workshops, with the latter making up a large share of the market.

GLOBAL TRENDS CREATE NEW GROWTH OPPORTUNITIES

Digitalization
Digitalization of the customer journey creates integrated solutions, transparency, and simplicity for both workshops and car owners. At the same time, it creates great opportunities for more efficient logistics through shortening of value chains and optimization of logistics flows.

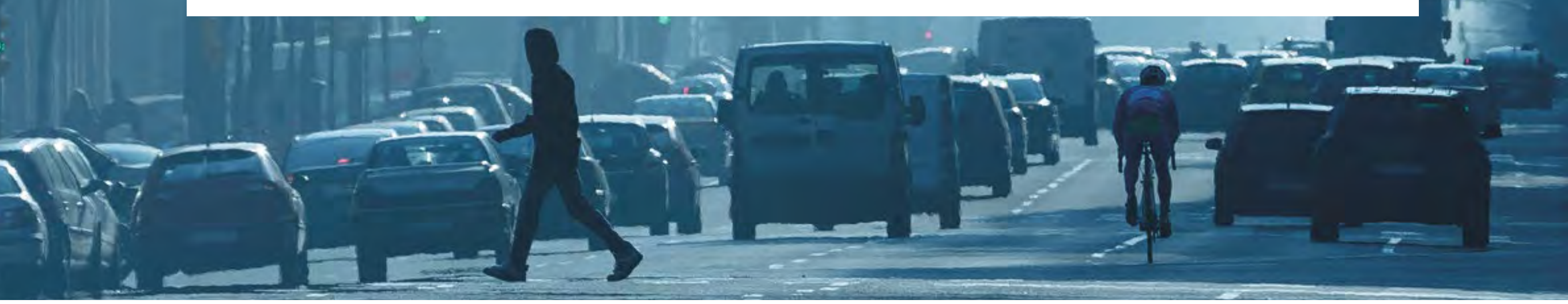
Big Data and Analysis
Analysis of data provides better understanding of the needs of workshops and car owners. By drawing conclusions from data, we can automate feeds and create tailored customer offerings.

New ways to own vehicles
Carpools, leasing, and other forms of car ownership create new customer needs and new business opportunities. For example, solutions to simplify carpooling or distribution of how vehicles are used and maintained.

Electric and hybrid cars
To reduce climate impacts from the transport sector, a conversion is underway from fossil-powered vehicles to electric and hybrid cars. New technologies require new skills in the workshops and more flexible business models to create profitability as a result of fewer spare parts.

Autonomous cars
Modern technical equipment, which helps car drivers to park and navigate, requires new skills and calibration-equipment in the workshops. A new important business to compensate the decreasing number of cars with internal combustion engines in the future.

Connected cars
Data from connected cars can be used to develop new solutions that simplify for car drivers. Including services that simplify the planning for maintenance of the cars and, in the longer term, maintenance remotely.



	Denmark	Norway	Poland	Sweden
Population (million)	5.9	5.4	38.1	10.5
GDP growth (%)	4.1	4.2	5.7	4.8
Number of cars (million)	2.7	2.8	25.1	5.0
Growth number of cars (%)	2.7	0.3	3.1	0.9
Number of miles driven (billion)	3.8	3.4	20.4	6.3
Cars >3 years (%)	71.5	84.3	92.6	84.3
Clean electric cars (%)	1.2	12.0	<0.1	2.2
Market structure	High consolidation	High consolidation	Fragmented	High consolidation
Expected long-term growth (%)	1–2	1–2	4–5	1–2
Mekonomen Group's B2B share of total sales (%)	100	~85	100	~85
Mekonomen Group's market share (%)	28	25	4	15

Source: Last available data as of 5 April 2022 from Eurostat, OFV, PZPM, SCB, SSB, Statistics Denmark and Statistics Poland, in addition to market size and market share based on the company's own calculations and assumptions.

STRATEGY FOR A PROFITABLE AND SUSTAINABLE BUSINESS

We are creating a long-term profitable and sustainable business by utilizing our size and strong position. We enable mobility with custom offerings based on the needs of our customers, society´s development, and future trends. Our committed employees and strong concepts are our foremost assets.

Mekonomen Group's strategy is based on our vision: We enable mobility – today, tomorrow and in the future. Our scalable and flexible business is independent of economic cycles, what technology is used in the cars and how the cars are used. We will be the best and most comprehensive partner for anyone driving, repairing and maintaining cars, regardless of the vehicles driving on the roads. We're will meet the needs of workshops and car owners in the way that is easiest for them – without them having to search elsewhere. Our strategy is based on four strategic areas that will create value for customers and profitable sustainable growth for the Group.

Sustainability is an integral part of everything we do. For us, sustainability is about People, Planet and Profit. Our view of sustainability is that it is something we shall be, not something we are working on. We constantly need to develop our business and our offering to be relevant over time. We need to keep up with developments in the industry when it comes to new technologies, competition, new customer behaviors, and new expectations. To ensure a long-term business where we are at the forefront of sustainability in our industry, we need the right employees with the right expertise.

Vision
Our vision guides our decisions and our strategy – regardless of economic development.

Strategic focus areas
Our four strategic focus areas deliver profitable growth, organically or through acquisitions. By continuously improving the efficiency of our business, we increase profitability.

Sustainability
Sustainability is an integral part of our business. We are a responsible company and consider all the necessary sustainability aspects of our business. Being a sustainable player strengthens us in our work to reach our financial goals.

FIRST PURE ELECTRIC CAR WORKSHOP IN NORWAY

12 percent of the cars in Norway are electric cars, making the country the world leader when it comes to electric car transformation of the car fleet. Mekonomen's workshop Elbilmek AS is located just outside Oslo, the first of Mekonomen Group's workshops to fully specialize in electric cars. The workshop has a good inflow of electric car customers from a wide catchment area as a result of the special alignment.

The demand for electric car competence is growing whereupon Elbilmek is very likely to form the first workshop in a future chain concept of pure-grown electric car workshops within Mekonomen Group.

OPERATIONAL EXCELLENCE

We are working to streamline and optimize our core business to continue being competitive, improve quality, and increase our profitability. In 2021 we have, among other things;

- Fully benefited from synergies following the merger of our two central warehouses in Sweden.
- Expanded regional warehouse structure in Poland.
- Benefited from synergies from larger purchase volumes.
- Launched ProMeister spare parts in Denmark.
- Developed IT infrastructure and IT security.
- Conducted a new Group-wide employee survey with follow-up activities with the aim of further enhancing leadership, employee engagement, and work environment.

TWO NEW REGIONAL WAREHOUSES IN POLAND

Inter-Team in Poland has established two new regional warehouses with the aim of improving availability to customers. The establishment along with other initiatives has greatly increased the profitability of Inter-Team, from an EBIT margin of 0.7 percent in 2017 to 5 percent in 2021.

CONCEPT DEVELOPMENT FOR WORKSHOPS

We will continue to develop our workshop concepts to attract new customer groups, increase workshop loyalty, create more profitable workshops, and be a sustainable business partner. In 2021 we have, among other things:

- Implemented the E+ standard in our workshop trainings in all our markets.
- Conducted a mobile training tour in Sweden for in-depth electric car skills.
- Conducted extensive training efforts for electric car engineering for workshops in all markets.
- Developed company customer offerings that generated increased customer flow to the workshops.
- Increased loyalty from workshop customers.
- Conducted our comprehensive annual customer survey among workshops with follow-up activities to further increase customer satisfaction.

MOBILE TRAINING TOUR FOR WORKSHOPS

A mobile training tour for workshops in Sweden began in the autumn of 2021. In an 18-meter trailer with advanced equipment, workshops are trained in electric car technology at 29 locations nationwide. Vehicle technicians receive in-depth training in the Group's E+ standard, ensuring skills for advanced works on electric cars, including replacement of high voltage components.

NEW CUSTOMER SOLUTIONS FOR CAR OWNERS

By digitizing and developing new solutions for car owners we are strengthening our offering throughout the value chain, while increasing loyalty and number of contacts with the customer. In 2021 we have, among other things;

- Developed new services and solutions, including launched service agreements in Denmark and Sweden.
- Developed our digital booking solutions, resulting in a 20 percent increase in digital bookings of workshop services.
- Developed e-commerce platforms within Mekonomen in Sweden and Norway, where e-commerce sales to consumers increased by 40 percent in 2021.
- Established workshop receptions in shopping centers.

SERVICE AGREEMENT LAUNCHED IN DENMARK AND SWEDEN

In Denmark and Sweden, the Group offers service agreements to a fixed and affordable monthly cost to car owners. Agreements can be signed for both new and used cars and provide access to a large number of workshops. Natuarally we also have contracts for electric cars.

NEW REVENUE STREAMS

By broadening our business, offering new services and expanding our product range, we are reaching new customer groups and increasing sales to existing customers. In 2021 we have, among other things;

- Enter into a letter of intent with US electric car manufacturer Fisker.
- Acquired the Danish lubricant oil company Vantage which is a leading player in lubricant oil, particularly in the area of recommendations and support.
- Extended the range of services and products for electric car owners where we now have a full range for most electric cars in northern Europe.

LETTER OF INTENT WITH US ELECTRIC CAR MAKER FISKER

US electric car maker Fisker is launching its electric cars in Denmark, Norway, and Sweden during late 2022 with Mekonomen Group as its service partner. Fisker's cars will be sold digitally where Mekonomen Group will be the reseller of Fisker's services. In addition, Mekonomen Group will expand its wholesale business with spare parts for Fisker cars as well as training workshops to take care of service and repair of the cars.

GOALS AND GOAL ACHIEVEMENT

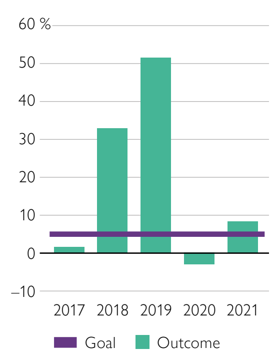
The overall goal of Mekonomen Group is to develop with high profitability and thus create value growth for the shareholders. Our sustainability efforts are an integral part of the Group's strategy and a key component to achieving overall objectives and ensuring a long-term relevant business.

TARGET > 5% REVENUE INCREASE

GOAL Average annual sales growth of at least 5 percent, with a combination of organic and acquired growth.

OUTCOME 2021

For the past five years, we have exceeded the target. For 2021 net sales increased 7 (–3) percent. Organic growth amounted to 8 percent.

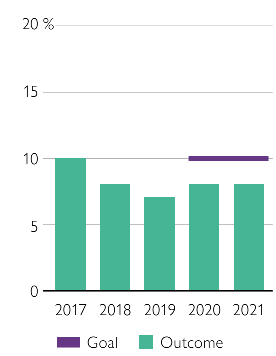


TARGET 10% ADJUSTED OPERATING MARGIN

GOAL Adjusted operating margin of 10 percent annually.

OUTCOME 2021

We see continued opportunities to streamline the core business to reach our target no later than 2025. For 2021 the adjusted operating margin was 8 (8) percent.

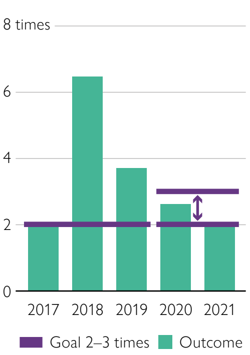


TARGET 2.0–3.0, NET DEBT/EBITDA

GOAL Net Debt/EBITDA shall be in the range 2.0–3.0 times long term.

OUTCOME 2021

We are within the target level since 2020. Net debt/EBITDA[1] decreased to 1.9 (2.54). Net debt is SEK 2,264 (2,673).

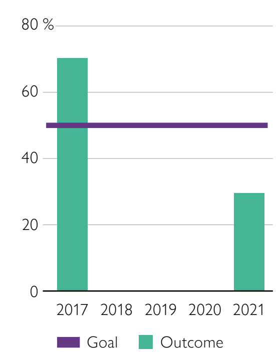


TARGET >50% DIVIDEND SHARE

GOAL Dividends corresponding to at least 50 percent of earnings after tax.[2]

OUTCOME 2021

The Board proposes dividends of SEK 3.00 per share for 2021 (0.00). The Board continues to support the goal that at least 50 percent of profit after tax shall be paid as a dividend.



1. Net debt/EBITDA excluding IFRS 16.
2. When deciding on dividend proposals, the Board considers the Group's potential acquisition opportunities, financial condition, investment needs, and prospects.

STRATEGIC SUSTAINABILITY GOALS

CODE OF CONDUCT

GOAL All employees shall have undergone training in the Group's Code of Conduct in 2021.

STATUS

The target has been met, all employees have undergone training in 2021.[1)]

8 DECENT WORK AND ECONOMIC GROWTH

EQUALITY

GOAL We will strive for both genders to be represented in all teams[2)] and that the gender distribution among managers corresponds to the gender distribution in the Group.

STATUS

In 2021, 47 percent of the Group's working groups contained representation of both genders. The proportion of managers women/men was 14/86 percent, compared with the distribution in the Group which was 18/82 percent.

8 DECENT WORK AND ECONOMIC GROWTH

EMPLOYEE ENGAGEMENT

GOAL We seek a high level of engagement with all our employees. By 2022, we are to reach an engagement index of 3.9 out of 5.0.

STATUS

The Engagement Index in the Group Employee Survey 2021 was 3.8 out of 5.0.

8 DECENT WORK AND ECONOMIC GROWTH

RENEWABLE ELECTRICITY

GOAL By 2025, all premises with their own electricity contracts shall have renewable electricity.

STATUS

The share of renewable electricity today is 4,5 percent. The share includes both own electricity contracts and electricity included in local rent.

7 AFFORDABLE AND CLEAN ENERGY

ELECTRICITY AND HYBRID COMPETENCE[3)]

GOAL By 2025, 70 percent of affiliated workshops meet our electric car workshop requirements.

STATUS

The target has been met; 82 percent of workshops meet our requirements.

7 AFFORDABLE AND CLEAN ENERGY

REQUIREMENTS FOR PURCHASING

GOAL By 2025, ≥95 per cent of the Group's purchases of direct material shall come from suppliers who have signed the Group's Supplier Code of Conduct.

STATUS

The target has been met, 96.6 percent of purchases are made from suppliers who have accepted the requirements.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

1. Employees who have been on long-term sick leave, on parental leave, or on leave will undertake the training as soon as possible.
2. A team is a unit/department within the Group, e.g. a branch or a department in one of our offices.
3. We make requirements regarding tools, protective equipment, charging and competence. Competence requirements mean that local regulations are met with respect to working with high-volt vehicles in the workshop.

The United Nations Global Goals for Sustainable Development: UN member countries have adopted 17 global goals for sustainable development to be met by 2030. The activities of Mekonomen Group contribute to the fulfilment of several objectives. We must also ensure that our negative impact on the goals is as small as possible. Our sustainability work is based on an analysis of which global goals are most significant to us and our stakeholders. Learn more about our materiality analysis on page 14 and 99.

WE AIM TO BE A LEADER WITHIN SUSTAINABILITY IN OUR INDUSTRY

We are convinced that good sustainability work is a prerequisite for us as a company to deliver a strong financial result, that we attract and retain our employees, and that we as a company are relevant in the future. As a market leader, we shall be at the forefront in our industry and take great social responsibility.

Sustainability is a prioritized part of Mekonomen Group's strategy and shall permeate everything we do. Read more about our strategy on page 12. We see increased demands and expectations from our stakeholders regarding sustainability issues. In addition, legislation in this area will be more extensive. We strongly believe that a sustainable development strengthens our business and we know that Mekonomen Group, as a major player, has the opportunity to contribute to a more sustainable society.

The strategic sustainability work and the reporting are based on our most material sustainability areas where the impact of our business on the world around us and our stakeholders' demands and expectations of us have been analyzed. Previous materiality analysis has during 2021 been supplemented with a scenario analysis based on TCFD (Task Force on Climate-related Financial Disclosures). The scenario analysis has focused on Mekonomen Group's business and its risks and opportunities. Read more about the materiality analysis on pages 19 and 99.

WE SUPPORT

UN GLOBAL COMPACT

Mekonomen Group has signed the UN Global Compact's principles on human rights, working conditions, the environment and anti-corruption.

OUR MOST IMPORTANT SUSTAINABILITY AREAS

Sustainable energy for all

- We enable car owners to service and repair their vehicles regardless of whether they are powered by fossil fuels, biofuels, or electricity.
- Proper maintenance and service means that the vehicles are as fuel and energy efficient as possible.
- Internally, we work to reduce our energy use in premises and to reduce our fuel use.

Decent working conditions and economic growth

- Our overall goal is to develop with good profitability and thereby create value for the shareholders. Good profitability means that we can continue to operate and create jobs and contribute to society through, for example, payment of taxes.
- The Group's values are set out in our Code of Conduct. We have zero tolerance for corruption.
- Our business is evolving and it is therefore crucial that our employees also develop to meet customers' needs and the expectations of those around us. We invest resources in the training of future vehicle technicians to increase the supply of competence.
- As an employer, we take responsibility in terms of e.g. employment conditions, work environment, gender equality, diversity, and inclusion.

Sustainable production and consumption

- A properly maintained vehicle contributes to road safety and to the vehicle having as little environmental impact as possible during its life cycle (in this regard there is also a link to Objective 7).
- We have routines and take responsibility when purchasing, selling, and using chemicals.
- We have routines and take responsibility for our waste management.
- Our responsibility for the supply chain entails requirements and follow-up of our suppliers in terms of human rights, employment conditions, environmental and climate impact in e.g. the manufacturing process and raw materials (there is also a link in this regard to Objectives 7, 8, and 13).

Combating climate change

- By developing our services and products to the increased proportion of vehicles powered by alternative fuels such as biofuels and electricity, we contribute to a transition to a climate-neutral society.
- Through internal improvements in resource and energy efficiency, we reduce our impact on the environment and climate.
- We know that our products have a climate impact, which is why we have started work to gain further knowledge about this area.

AN ATTRACTIVE EMPLOYER WITH COMMITTED LEADERS AND EMPLOYEES

Commitment from our leaders and employees is fundamental to a pleasant workplace, satisfied customers, and a favourable financial result. Good leadership with regular feedback and stimulating and developing tasks are factors that clearly link to the commitment of our employees.

In order to more clearly follow up on issues of leadership and engagement, a Group-wide employee survey was conducted in 2021. After the survey, each business area and team analyzed its results and developed plans for improvement measures. The employee survey includes questions about how employees view development opportunities, inclusion, teams, their manager, and the overall strategy. The response rate was 78 percent, which shows that the Group's employees are willing to contribute to improving the Group, their workplace, and their work situation. The Group's consolidated engagement index was 3.8 on a scale of 1 to 5. Based on the result, a new target has been decided to increase the engagement index by 0.1 units in 2022.

Competence development of our employees takes place on an ongoing basis in the daily work as well as through internal and external training.

Vehicle technology is developing rapidly with increased digitalization and alternative fuels such as electric power. Therefore, it is important that we ensure competence development for employees in the Group and in the affiliated workshops. The Group has training academies in all business areas that offer a wide range of courses in engineering and vehicle technology. In order to help ensure the future of competence in the workshops, we have, in cooperation with the school operator Lärande i Sverige, started our own upper secondary schools in four places in Sweden. In addition, we cooperate with several upper secondary schools in our main markets. During the year, we have had a strong focus on ensuring that there is competence for handling electric and hybrid cars in the workshops.

A good and safe working environment

The Group's work environment efforts aims to create a physically, mentally, and socially sound and developing workplace for all employees, where risks of occupational injuries and work-related illness are prevented. We work systematically with occupational health, which means, among other things, that we continuously evaluate risks, have established routines to manage the risks, and that incidents and accidents are reported.

In our warehouses, branches, and workshops, there are risks regarding the physical work environment. The main occupational safety and health risks in the warehouses are heavy lifting, loading and unloading, as well as truck driving. In branches, we have risks in heavy lifting and risks linked to road safety, as many branch employees drive a delivery truck. In the workshops, the risks mainly consist of heavy lifting, work environment risks linked to chemical handling and noise.

Risks in the psychosocial work environment include, for example, stress and abusive treatment (bullying, psychological violence, social exclusion, sexual harassment or other forms of harassment). Issues regarding abusive treatment are also included in the employee survey. No employee shall be exposed to this and we have procedures for how we work with these issues. During the year, no cases of discrimination have been reported.

During the year, we continued to focus on reducing the risks for our employees and customers to become infected with covid-19. Based on national authorities' recommendations and rules, adaptations have been made in all our operations in all markets. For example by continuing to ensure that distances can be kept in the workplace, strengthened cleaning routines, digital meeting options and that white-collar workers have worked from home wherever possible. Data on sick leave and occupational injuries, see page 102.

Diversity, equality, and inclusion

For us, diversity is about seeing the value of our employees' differences when it comes to, for example, gender, ethnicity, faith, disability, sexual orientation, age, education, and experiences. We strive for our workplaces to reflect the diversity of our customer groups and society at large.

In a traditionally male industry, however, it is a major challenge to create a gender balance in all parts of the Group. The proportion of women in the Group is currently approximately 18 percent (17). The number of women in leadership positions[1)] is 13 percent (13). During the year, we have introduced clearer goals to steer towards further gender equality. Among other things, we will strive to have both genders represented in all teams in the Group and that the gender distribution among managers corresponds to the gender distribution in the Group. A first measurement has been carried out in connection with the implementation of the Group's employee survey 2021. For data on employees, including work environment and gender equality, see pages 101–102.

WE TAKE RESPONSIBILITY FOR OUR IMPACT ON THE ENVIRONMENT AND CLIMATE

Our greatest direct environmental impact lies in the areas of transport, energy use in premises, and chemical and waste management. Our core business involves sales of spare parts and accessories to vehicle workshops and car owners. This means that we also influence the environment and climate indirectly in terms of raw material and manufacturing processes for the products we sell.

- As a large company of general interest with over 500 employees, the Group is covered by the EU taxonomy. Read more on page 96.
- The Group's environmental policy is included in our Code of Conduct, see page 24. We make demands on our suppliers through the Group's Supplier Code and also with specific requirements where required; read more on page 25.
- The Group's operations work systematically with the environment and have rules and procedures for managing the environmental impact. Parts of our business have certified environmental management systems.
- We measure and monitor environmental work in the Group in several areas. The business areas have qualitative and quantitative targets based on the conditions prevailing in each market.

Compliance with environmental legislation

Mekonomen Group complies with applicable environmental legislation, which also means that we are subject to the precautionary principle of taking the necessary measures to reduce our negative environmental impact. Operating in accordance with national and European legislation is a priority in our activities.

The Group does not conduct any licensed operations. The permits required to handle certain quantities and types of chemicals and flammable goods are handled by the respective companies. Notifiable activities in the form of car washes are carried out in the Group.

Law enforcement takes place as part of conducting responsible leadership in the implementation of new and updated legislation in the business. We encourage reporting of risk situations and deviations and work preventively in risk management. Internal and external audits are carried out in our operations to ensure compliance with law and minimize or eliminate negative environmental impact.

The Group has not been fined or had significant injunctions in 2021.

1. Leading positions involve personnel and budget responsibilities.

Energy use and direct environmental and climate impact

Our direct impact on the climate stems mainly from transport and energy use in our premises. Our business requires transport both with our own vehicles and with subcontractors. From our central and regional warehouses, goods are transported to the Group's branches and e-commerce customers. From the branches, transport is made with our own and with subcontractors' vehicles to our own and affiliated workshops. In order to reduce the environmental impact of transport, fuel consumption is taken into account when purchasing vehicles.

As part of reducing our fuel use, we decided in 2020 that all business areas, in the coming years, should have routines in place to train everyone who drives a car as part of their work in fuel-efficient driving style.

Our warehouses, branches, workshops, and offices require energy in form of heating and electricity. All business areas must have implemented procedures to reduce energy use in our premises by 2025. For example, some business areas conduct regular night walks to identify and implement measures in energy efficiency. In addition, renewable electricity will be purchased for all premises where we have signed our own electricity contracts. Today, 4.5 (6.4)[1)] percent of electricity consumption is product-specified renewable electricity (e.g. hydropower or Good Environmental Choice), the share includes both own electricity contracts and electricity that is part of the rent. Read more about energy and climate data on page 103.

We want to find solutions that reduce the environmental and climate impact from the shipments sent from our warehouses. Examples of this are the packing machine in the Group's automated central warehouse in Sweden. The machine detects the fill rate of the cartons of goods to be sent out. Based on the contents the machine automatically creates an optimal carton size. In this way, transport of air from the warehouse is minimized to customers. In the Group's company Mekster, bubble wrap, which is used as filling material to protect customers' goods during transport, has been replaced. Instead, corrugated cardboard and cardboard packaging that would otherwise be discarded is shredded and the strips become filling material.

Indirect environmental and climate impact

When manufacturing the products that the Group sells, the environment and climate are affected. The impact depends, for example, on the materials in the products and the manufacturing process. In 2021, work was initiated to gain a better knowledge of the environmental impact of the products. This work will continue in 2022.

Chemical products and chemicals in goods

The Group has a wide range of chemical products sold in our markets. It also happens that our goods, such as spare parts and certain accessories, contain chemicals that are regulated by law.

Substitution is an important tool for reducing the proportion of harmful chemicals in society. Several business areas work systematically with substitution.

For the chemical products we sell, we have a responsibility to, among other things, check the labelling and that the information is correct, ensure that safety data sheets are available, ensure that certain types of chemicals are only sold to professionals, and that the storage is correct. Should incorrectly labelled products come onto the market, we will act as soon as we become aware of this. The products are then stopped centrally for further sales, dialogue is conducted with the supplier, and a recall is made if necessary.

Proper handling and proper protective equipment when using chemicals are central to our workshops.

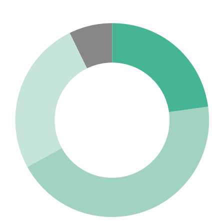
Waste management

In our operations, waste and hazardous waste arise. In the workshops, hazardous waste occurs in the form of e.g. oils, batteries and chemicals. The waste is sorted and handled according to current legislation.

CERTIFIED MANAGEMENT SYSTEMS

MECA Sweden and MECA Norway have certified management systems according to the environmental standard ISO 14001. Mekonomen Sweden's branches and several workshops have certified management systems according to the standards for the environment (ISO 14001), quality (ISO 9001), and work environment (ISO 45001). JB Maskinteknik in Sweden has a certified quality management system (ISO 9001). The certification of management systems involves regular internal and external evaluations.

DISTRIBUTION OF GREENHOUSE GAS EMISSIONS



- Own transports, 23%
- Heat and electricity, 44%
- Transports subcontractors, 26%
- Business travel, 7%

1. Data for 2020 have been adjusted in this year's report due to improved measurement methods (heating for MECA Norway is not included in that adjustment).

MILESTONE
2,000 ELECTRIC CAR WORKSHOPS

Mekonomen Group has reached an important milestone in transforming the workshops into a market leader in the service of electric cars. More than 2,000 of the Group's workshops now meet the requirements of the E+ standard. The standard guarantees the necessary skills and equipment to take care of the majority of those jobs on modern electric cars.

The standard E+ has been developed by Mekonomen Group as the first standard in the automotive aftermarket.

The goal of Mekonomen Group is to become number one for all electric car owners in Northern Europe. The next step is to continue to develop the level of competence, expand the range and develop services in line with the growth of electric vehicles in each market. In 2021, Mekonomen Group ensured product accessibility for most electric cars in Northern Europe.

The need for the infrastructure around charging electric cars creates great opportunities for the future. Mekonomen Group's range of products and services for installing charging poles has been broadened in 2021 and is today offered in several of the Group's concepts to companies and private customers.

WE HAVE A BUSINESS ETHICS APPROACH

8 DECENT WORK AND ECONOMIC GROWTH

Code of Conduct

The Group's Code of Conduct has been decided by the Board of Directors. The Code covers everyone who works under one of the Group's trademarks. The Code of Conduct clarifies what is expected of the company and specifies how the company and our employees should act in terms of social, environmental, and financial responsibility. The Code is also a basis for evaluating any risks of a cooperating business, e.g. in the event of community engagement or sponsorship.

In order to simplify for employees and stakeholders, a number of policies are also included in the Code of Conduct. The Code of Conduct is available in all Scandinavian languages, Polish and English.

In 2021, an e-learning in the Group's Code of Conduct has been developed. The training has been carried out by all employees. In the future, the training will be part of the introduction to new employees.[1)]

Anti-corruption

Corruption is not geographically limited although the risk is considered higher in some markets and in certain industries. For us, there is zero tolerance for corruption.

The Group's view of corruption is stated in the Group's Code of Conduct, which includes the anti-corruption policy. In addition to the anti-corruption policy, there are special anti-corruption guidelines with rules relating to gifts and representation.

The guidelines apply to all employees and are based, among other things, on parts of the Swedish Business Code managed by the Swedish Institute Against Bribery (IMM).

Today, we make purchases from some markets where corruption can be a problem. Through a central purchasing organization where all major purchasing agreements for the Group's companies are concluded, we have better control over suppliers and goods flow. Our suppliers are asked to accept our supplier Code of Conduct which contains specific anti-corruption statements. Read more about our work with the supply chain and Supplier Code on page 25. In 2021, there were no reported cases of corruption within Mekonomen Group.

Whistleblowing system

The Group's whistleblowing system gives all stakeholders the opportunity to inform the company of a suspicion of a serious misconduct. The system is important to safeguard good corporate governance, as well as the customers', suppliers', and the public's confidence in us. The system is available on the Group's website and has been adapted to meet the requirements of the EU Whistleblowing Directive and national legislation. The mandatory training in the Code of Conduct implemented during the year (see above) contains information about the whistleblowing system.

The system can be used in cases where circumstances do not make it appropriate to report according to the usual reporting channels, e.g. to the nearest manager. The process can be used to provide information about a serious violation of something that is not in line with legislation, the Code of Conduct or other ethical principles, that could seriously affect our organization or people's lives or health.

Information processing and data protection

We handle information in many different ways in the Group and take information security very seriously. The management is governed by our information security policy, which is included in the Group's Code of Conduct. Each business area also has its own guidelines to clarify how, for example, IT systems and personal data should be handled. Any incidents are handled in accordance with established procedures and reported to the relevant authorities if necessary, in accordance with the respective country's legislation.

In order to further strengthen our employees' awareness of information security, a so-called nano-learning process was implemented in 2020. Recurring short exercises are sent out, in order to maintain knowledge about information security. The nanolearning process has continued in 2021.

As a result of a strengthened organization and training efforts, the Group's work with personal data management was strengthened in 2021. A Group-wide training on personal data processing has also been developed, which will be implemented in the business areas in 2022.

CODE OF CONDUCT

The Code of Conduct includes Mekonomen Group's policy regarding gender equality, diversity and inclusion, work environment policy, road safety policy, environmental policy, quality policy, information security policy, and anti-corruption policy.

THE GROUP'S WHISTLEBLOWING SYSTEM

The system is available on the company's website www.mekonomen.com and is available to both employees and external stakeholders, e.g. suppliers. The whistleblowing routine can be used anonymously.

1. Employees who have been long-term sick, on parental leave, or unemployed will undertake the training as soon as possible.

WE HAVE REQUIREMENTS AND EXPECTATIONS FOR OUR SUPPLIERS

Spare parts make up the majority of the Group's purchases and account for a large part of the Group's sales. Purchases are mainly made from the same suppliers that supply the car manufacturers. Almost all suppliers are based in Europe, while the production of products takes place both in Europe and the rest of the world.

Large Group-wide suppliers are managed by the Group's central purchasing organization, which is responsible for agreements and terms. Agreements with smaller suppliers are handled by each business area's purchasing function. The top 100 suppliers account for more than 80 percent of the supply of goods.

Risks in the supply chain

The greatest quality and sustainability risks are linked to suppliers of spare parts and accessories for the Group's own product range. We know that our own products can have a negative impact on people and the environment globally in the areas of human rights, working conditions, environmental and chemical management and corruption, as a large part of our suppliers' production is conducted in risk and high-risk countries.

During the year, the Group conducted sales of its own product range under the brands: ProMeister, Carwise, Kraft Automotive, Sakura, Vehcare, and Forumline. As a result of the greater risk, factory visits are carried out to all new players who supply spare parts and accessories for our own product ranges. The checks on factories and testing of products are based on checklists that include reviewing product quality, environment, and social requirements. The range is also quality reviewed through independent operators and in our test laboratory InterMeko in Poland. The test laboratory is jointly owned with the Polish car parts operator Inter-Cars.

Supplier Code of Conduct

Our Supplier Code of Conduct is published on the Group's website. The Code describes in more detail our expectations of suppliers and it sets requirements in the areas of human rights, working conditions, environmental and chemical management and anti-corruption. The Code is based on global agreements such as the UN Global Compact, the Universal Declaration of Human Rights, and the ILO Core Conventions.

In 2021, work to implement the Code has continued. The Supplier Code of Conduct is part of our General Supply Contract, where the supplier is obliged to accept and comply with the Code. Our goal is for more than 95 percent of our purchases of direct materials to come from suppliers who have accepted the requirements of the Supplier Code by 2025. At present, 96.6 (91.0)% of purchases are made from suppliers who have accepted the requirements and the target has thus been reached.

Supplier assessment

In order to identify, manage, and report negative impacts in our supply chain, we clarify our supplier assessment process. The work continued in 2021 and a self-assessment based on the Group's Supplier Code was sent out to some thirty selected suppliers. Evaluation of the results is ongoing and will be an important part of the continued development of the process.

We have also commissioned a number of third-party audits at three suppliers of our own brands, with operations in Asia. The audits were carried out based on the requirements of the SA8000 standard and the Group's Code of Conduct with good results. During the audits, some areas of improvement emerged in the areas of work environment, wages, working hours and management systems. The suppliers have together with us drawn up an action plan with concrete measures. The action plans will be followed up.

Work to further develop the supplier assessment and implement processes regarding a responsible supply chain will continue in 2022. The work includes, among other things, a further development of risk assessment regarding sustainability risks at suppliers, developed self-evaluation, third-party audit process and management of the negative effects of the business.

We strive to increase transparency in the supply chain. The supplier assessment will help us strengthen our good relationships and cooperation in sustainability issues with suppliers, which will contribute to a more sustainable supply chain.

RISKS AND RISK MANAGEMENT

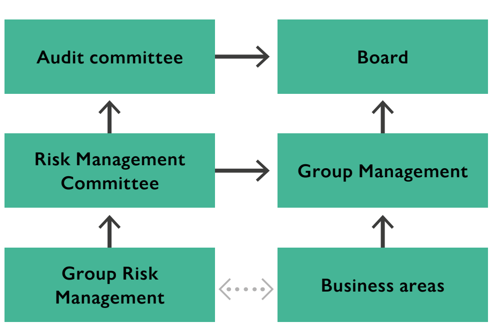
The Group's operations, like all business operations, are associated with risks that to varying degrees may affect the Group and our stakeholders. Balanced risk management can add value and business value, while risks that are not managed effectively can lead to injuries and losses. We continuously map the Group's risks, where the Board of Directors bears the ultimate responsibility for the Group's risk management.

Risk management process

In order to ensure a good overview and appropriate management of the risks to which the business is exposed, the Group works in a structured manner to identify, analyze, and manage risks according to a Group-wide process. The risks are divided into strategic, operational and sustainability-related risks. During the year, the implementation of the Group's risk policy (ERM policy) continued. The risk analysis is based on the Group's strategy and business planning work and should be a natural part of the operational day-to-day work, as well as included in major change or investment projects. Each business area within the Group shall establish a risk register where its material risks, mitigating measures and the responsible person are identified. The management includes the Group's sustainability-related risks such as risks linked to employees, the environment and climate, as well as corruption. The analysis is based on the Group's materiality analysis and the Code of Conduct.

Risk Management Committee

There is an overall risk management committee for the Group. The Committee is responsible for providing guidance to the organization and directing the process of ensuring an overview of the Group's risks and to follow up on the effectiveness of risk management work. Ongoing reporting from each business area of risk analysis and mitigating measures is made to the Committee, which in turn reports significant changes in the risk picture to the Board of Directors via the Audit Committee. The risk analysis is conducted annually more thoroughly in all forums; see figure below.



Responsibility and collaboration of the risk function

Group Risk Management coordinates and monitors the Group's risk work. The Group has coordinated risk function, internal control officer, and internal audit under one person, Head of Risk, Internal Control, and Internal Audit.

This improves the effectiveness of the activities carried out to increase risk awareness in identified risk areas. For more information about internal control in financial reporting, see page 51.

Risk analysis

The overall risk picture for the Group has not changed significantly during the year. The significant risks are the same, but the rankings have been slightly re-allocated during the year. Pandemic effects, including disruptions in supply, have been and are a special focus area, including a stable and secure IT environment, adapted to support internal and external needs.

The Group's overall risk picture includes the sustainability-related risks.

In 2021, the analysis was supplemented with a scenario analysis of climate-related financial risks based on the TCFD's (Task Force on Climate-related Financial Disclosures) methodology. The scenario analysis has mainly focused on our business and both risks and opportunities have been analyzed. Read more about materiality analysis and scenario analysis on pages 19 and 99.

The following pages present a selection of the risk areas identified within the framework of the Group's risk management process and the measures taken to manage risks.

Crisis Management

The Group has an established policy and process for crisis management, which consists of a crisis group at Group level and a crisis group within each business area.

There are levels of escalation for notification or more real crisis situation. The groups have been activated in connection with the data breach, the pandemic and the Ukraine crisis.

STRATEGIC RISKS

Description	Handling	Analysis
Consumer behavior		
The aftermarket for passenger cars and light trucks depends primarily on the number of cars in the fleet and the number of miles that the cars drive. Recent years have shown a steady increase in the number of cars in our main markets. The number of miles driven has decreased slightly, probably caused by the pandemic. The Group's long-term success depends, among other things, on the ability to adapt to customers' behaviors and needs. Car owners are becoming more aware of the cars' environmental and climate impact, which affects their choice of vehicles and ways of transport. • A sharp decrease in the number of new cars or miles driven may have a negative impact on the Group's operations. • A too slow adaptation to new customer behaviors can have a negative impact on the Group's operations.	We maintain a high pace of innovation in concept development to strengthen our workshop concepts, which contributes to continued competitive offering and loyal workshop customers. By digitizing and developing new and sustainable services for car owners and workshops, we strengthen our offering throughout the value chain. The demand for mobility is timeless. By adapting our business based on the customer's needs, we create a long-term business regardless of which vehicles are driven on the roads. We invest in advanced analytics to anticipate and understand future trends and, based on data, create the offering of the future. Our geographical spread makes us less sensitive to how the market is developing in a single country. We run selected strategic activities within each strategic focus area in cross-functional forums that extend across national borders in order to vigorously manage market and external risks. We develop our service and product offering for e.g. fleet customers and car pools and develop digital and sustainable solutions to improve the customer experience and thereby increase loyalty.	Probability Influence Change →
The Car Park		
New technologies, increased sustainability focus, and policy decisions are accelerating the transition from fossil fuels to electrification. The same driving forces contribute to increased durability of vehicles with fewer parts that need to be replaced. Growth in the automotive aftermarket is expected to take place in software and data. Norway has the fastest development in the world when it comes to converting the car fleet from fossil-powered to electricity. The share of pure electric cars in Norway accounted for 12 percent of the total car fleet at the end of 2021. The corresponding figure for Sweden was 2.2 percent, Denmark 1.2 percent and Poland below 0.1 percent. • The transition to electricity means that the industry needs to be adapted to meet changing demand. • Climate policy decisions and policy instruments strongly influence the pace of transition.	We invest in the future of our workshop customers and have for many years trained mechanics in electrical and hybrid technology in our training centers in all our main markets. Increasing the proportion of trained mechanics remains an important focus. We are continuously expanding our range of spare parts and accessories for electric cars and ensuring that workshops have access to adequate equipment. We are developing the service offering and product range for our growing number of electric car owners to continue to be their first choice. We certify concept workshops according to our own standard E+. The standard is adapted to the guidelines and regulations that exist in each market and ensures the right skills, equipment, and charging possibilities in the workshops. There are three levels of E+ where the first level ensures basic competence in electrical engineering, which means that the workshop can handle the majority of parts on an electric car that enters the workshop today. Levels 2 and 3 ensure that our workshops can handle all the elements that involve working in and around the battery, which becomes important in the longer term as electric cars get older. The target of having 1,500 E+ workshops by 2022 was already reached in 2021.	Probability Influence Change ↗
Competitive landscape		
Competition regarding car parts sales to workshops is great and has historically consisted of branded operators and independent players such as Mekonomen Group. We are seeing increased activity from foreign e-commerce players competing primarily with lower price picture. Car manufacturers are trying to extend the loyalty of car owners longer with the help of service agreements and extended warranties. Suppliers that previously only conducted B2B sales expand to B2C. There is also consolidation among suppliers, which reduces supply. • A significant increase in competition from one or more players may result in reduced market shares for the Group.	The Group's operations have a strong customer focus where we continuously review and invest in a competitive customer offering both to workshop customers and to car owners. Services that ensure loyalty from our workshops, like our technical support, are important to increase our competitiveness. Smooth solutions and processes for bookings and orders are also essential. The majority of the Group's sales are made digitally, which is why investments in our e-commerce offering are of great importance. We have a strong local presence and can thus offer outstanding availability with deliveries to our customers several times per day. Accessibility is important as the majority of orders from workshops meet their daily needs.	Probability Influence Change →
Automotive technical competence		
There is a shortage of vehicle technologies in large parts of the European market. A low attractiveness to service occupations is a contributing factor to the fact that few apply for vocational education and training. Many traditional vehicle engineering courses do not meet the needs of modern workshops that place increasing demands on technical competence. • The lack of vehicle technicians with relevant training and experience may in the long term be a factor that limits opportunities for continued growth in the industry. • Competition for labour can lead to increased staff costs, thereby reducing the profitability of workshops.	With strong brands and concepts, our training centers, collaborations with upper secondary schools and other educational actors in our markets and our own upper secondary school programme ProMeister Fordon in Sweden, we work continuously to attract people to the automotive engineering profession. In this way, we contribute to raising the level of competence among existing and new vehicle technicians. We also offer our affiliated workshops recruitment services and work actively with PR and information campaigns to attract people to the industry.	Probability Influence Change →

Low Medium High ↗ Increased Risk → Unchanged Risk ↘ Reduced Risk

Description	Handling	Analysis
Extraordinary external factors		
Covid-19 has had limited negative impact on our markets and we do not estimate that it will have an impact in the future, as long as societies do not shut down completely. The main risks to the business are: • Spread of infection among employees and customers in our physical facilities and fewer or missed workshop visits as a result of government-led closure of communities. • Significant impact on our product flow due to reduced capacity of our product suppliers or carriers. Russia's war against Ukraine has created worries in the world, which may affect us going forward. The main risks to the business are: • Lack of raw materials or increased raw material prices, which affects availability and purchase prices. • As the Group is exposed to currency effects, this can have a negative effect in the event of major currency fluctuations.	The timeless need for mobility and the stable demand for our products and services have meant that we have had a limited impact of covid-19 in our main markets over time. Our number one priority is to maintain the health and safety of our employees and customers. The fact that many employees work more at home has created a new dimension of employer responsibility for the work environment and psychosocial well-being. Activities have been continuously deployed and evaluated to create a sustainable solution for our employees. The world unrest following the war in Ukraine has led to higher oil prices with higher petrol and diesel prices. We monitor the question of how increased costs for households affect the use of the car and, by extension, our business. In connection with Russia's invasion of Ukraine, the Group decided not to support Russian interests and immediately initiated a mapping of suppliers and products. The Group have no Russian main suppliers. A few products manufactured in Russia have been identified and removed from the range.	Probability Influence Change

OPERATIONAL AND SUSTAINABILITY RISKS

Description	Handling	Analysis
Employees		
Our employees are our most important asset. A good physical and psychosocial work environment, good social conditions, development opportunities, and a long-term sustainable business are fundamental to attracting and retaining employees. • A lack of ability to attract, retain, and develop committed leaders and employees would affect the Group's ability to run and develop the business. • Lack of working environment conditions entails the risk of increased sick leave and employees who seek to move on to other employers.	With different competences and experiences among the employees, we will reflect the diversity of our customer groups and thus develop our customer offering. Succession plan is developed annually for senior positions, in addition to analysis of staff turnover. The work to identify, analyze, and minimize work environment risks in the business takes place at all levels of the Group. Our Code of Conduct, whistleblowing system, work environment policy, together with employee reviews, employee survey, and ongoing dialogue as well as risk analyzes identify risk areas and possible misconduct. During the year, we continued to focus on reducing the risks for our employees and customers to become infected with covid-19.	Probability Influence Change
IT environment		
The use of digital services continues to increase at a high rate in all parts of society. As more and more interactions, flows and processes are digitized and automated, dependence on systems increases, which increases complexity in IT environments. • Disruptions or downtime in the IT environment have a negative impact on operations. In particular, catalogue systems as well as systems for order and inventory management are critical, as this would negatively affect deliveries to our customers and thus our sales.	Threats and risks are regularly analyzed to identify and ensure that we continuously work with improvements, have redundancy in critical systems and established communication paths. Efforts to strengthen and develop our IT environment's resilience to disruptions and downtime are ongoing. The work has intensified as a result of the IT intrusion that affected the MECA/Mekonomen business area in the spring of 2020. Reviewing frameworks, processes, roles, and technical solutions ensures the robustness over time in our environments.	Probability Influence Change
Data security		
Like many other companies, we are vulnerable to cybercrime such as attempted fraud, intrusion, or sabotage. • Cybercrime causes major financial damage and negatively affects confidence in the Group.	In order to prevent attempted intrusion, theft or sabotage against our IT environments, business intelligence is carried out in the area and a continuous evaluation of whether our protections need to be changed or expanded. We continuously develop our routines, processes, and technical solutions in the area to be prepared if we are exposed. Following the IT breach in the MECA/Mekonomen business area in spring 2020, work to identify and strengthen IT security has intensified. A major group initiative is underway that includes strengthening monitoring, controls, training, and resources for all business areas.	Probability Influence Change
Central and regional warehouses		
Mekonomen Group's efficient wholesale and logistics operations are a strength and a large part of our core business. • Any damage, such as fire or technical disturbance at one of the Group's central or regional warehouses, would have significant negative consequences for the company's sales and delivery opportunities to our customers.	Fire safety and protection against technical disturbances is a priority area at all our facilities and great emphasis is placed on preventive work. The Group has interruption insurance in the event of a fire or other damage that interferes with the operation of our facilities. Risks related to a changing climate such as damage to property caused by changing weather conditions are not currently considered to affect the Group directly to any great extent, even if the risk is monitored. All insurance values have been updated per facility since 2020 in connection with the procurement of new insurers for the Group. During the autumn of 2021 and spring 2022, insurers will visit the Group's three largest central warehouses to conduct a risk review.	Probability Influence Change

Low · Medium · High · Increased Risk · Unchanged Risk · Reduced Risk

Description	Handling	Analysis
Waste and cash handling		
The Group's operations include the sale and warehousing of a large number of products, many of which are considered theft-prone. The Group's operations also include cash handling, which entails the risk of theft, both in a branch and in the transport of cash from branch to bank. • Lack of processes for detecting theft and waste would have a negative impact on the Group's financial results	Within the Group, work is continuously underway to counteract waste, to define what is scrapping, own consumption, and actual thefts. The work is based on the importance of working with all parts of the waste, such as reviewing ordering procedures, delivery inspections, and picking up goods. Regarding cash handling risks, we strive to have the same level of solutions for security services, security systems, and cash handling for all companies within the Group. We have continued to work on clearer guidelines for responsibility and control that were introduced in connection with an internal audit in 2020. Among other things, through the introduction of a common framework for internal control for branches and warehouses in Sweden that has been gradually rolled out throughout the Group in 2021 and which will be completed in 2022.	Probability Influence Change
Environmental and climate impact		
Our own negative impact on the environment and climate, is mainly through energy use in premises, transport, as well as waste and chemical management. Furthermore, the products we sell have an environmental and climate impact during their life cycle in terms of e.g. raw material, manufacturing processes, transport, use and finally waste management. • Environmental and climate policy decisions and legislation affect our operations. Among other factors, stricter legislation on chemical products and waste management, as well as increased taxes and other policy instruments, including climate-related instruments, can lead to investment needs and/or lower profitability for the business • Any regulatory violations would have a legal impact and damage confidence in our offerings and trademarks.	Our operations work systematically with the environment where parts of the business have certified environmental management systems. We adapt our development based on laws and regulations and keep up to date on environmental and climate policy decisions, in order to prepare our operations as far as possible in case of any changes. We have procedures and processes in place to ensure that laws and regulations are followed. We follow up on the business areas' systematic environmental work and have set goals to reduce negative environmental and climate impact. We have also started work to gain further knowledge about the climate impact of the products we provide.	Probability Influence Change
Sustainable supply chain		
We have agreements with a large number of suppliers to ensure the availability of a wide range of spare parts and car accessories to our customers. • A large number of suppliers pose risks in terms of, for example, human rights, working conditions, the environment and corruption.	In order to facilitate the control of the supply chain and the flow of goods, all major purchasing agreements are governed through the Group's joint purchasing department. The purchase of spare parts is mainly from the major European suppliers, who also supply the car manufacturers. We carry out thorough quality checks on our own brand products and carry out site visits to the suppliers. We make demands on suppliers through our supplier code linked to human rights, working conditions, the environment, and anti-corruption. During the year, the implementation of the Group's supplier code has continued, where we also develop processes for risk analysis and follow-up.	Probability Influence Change
Business-related corruption		
In general, buyers and sellers are two employee groups that are at higher risk of being involved in corruption. Today, we make purchases from some markets where corruption can be a problem, which requires us to actively distance ourselves (see also above under sustainable supply chain). • Individual employees or teams of employees are at risk of being unduly influenced by suppliers or other partners, including through bribes of various kinds.	There is zero tolerance for corruption. The Group's anti-corruption policy is included in the Code of Conduct. In addition, there are special guidelines regarding anti-corruption with rules regarding gifts and representation that all employees have access to. During the year, all employees have completed training in the Group's Code of Conduct. The training will continue to be part of all new employees' introduction plan.	Probability Influence Change
Responsibility for products & services		
Under the Group's brands, a large number of products and services are offered in-house or through collaborations. Mekonomen Group has a product responsibility for products that do not work as expected or are defective, as well as quality assurance of services such as repair and service. • Lack of quality control of own and cooperating operations, such as affiliated workshops and suppliers, may result in liability for defective products, incorrect repairs, and any consequential damage. • Dissatisfied customers can lead to reduced market share and lack of confidence in our offerings.	We secure our product responsibility through purchasing agreements, requirements for our suppliers, and through careful quality checks of our own brands. We also have extensive training activities and require our affiliated workshops on technical training, skills, and equipment. This is supplemented by group-wide insurance coverage. We follow up on quality and customer satisfaction through quality management systems and customer and consumer surveys and conduct external and internal audits to ensure quality and customer satisfaction. We continuously develop the Group's own business system for workshop to support the workshops in complying with rules and regulations, working efficiently, and maintaining a high level of service to customers. A training and support portal has been developed that will be launched in all business areas.	Probability Influence Change

FINANCIAL RISKS

Description	
Mekonomen Group's financial risks mainly include currency, credit, interest rate, and liquidity risks. See Note 36 for a description of the financial risks. The Corporate Governance Report, on page 47, describes the internal control and risk assessment aimed at preventing errors in financial reporting.	

Low Medium High Increased Risk Unchanged Risk Reduced Risk

SHARE

Mekonomen's share is listed on Nasdaq Stockholm, in the Mid Cap segment and is traded under the MEKO ticker.

As of 31 December 2021, the company's total market capitalization amounted to SEK 8.9 billion. The share's highest price in 2021 was recorded at SEK 182.80 on 29 October. The lowest rate was recorded on 28 January at SEK 90.10. As of 31 December 2021, the number of shareholders was 11,676 (11,728). As of 31 December 2021, Mekonomen's share capital amounted to SEK 141 M (141) divided into 56,416,622 (56,416,622) shares at a quota value of SEK 2.50 (2.50) per share. Each share entitles to one vote at the general meeting and all shares have an equal right to share in the company's profits and assets. Each shareholder may vote for all their shares without restrictions and the shares are not subject to any transfer restrictions.

Repurchase of own shares

The company holds 93,250 own shares as of 31 December 2021. No shares were acquired in 2021. Shares in own custody do not entitle to dividends and are not entitled to vote. For more information, see page 41.

Dividend

The Board of Directors proposes a dividend per share of SEK 3.00 (0.00) for 2021, corresponding to a total dividend of SEK 169 M (0). Mekonomen Group has navigated the challenges in 2021 in a good way and is well-positioned for future growth and the green transition. In its recommendation, the Board of Directors has taken into account the company's potential acquisition opportunities, financial position, investment needs, and prospects.

Analyst coverage

Currently, there are three analysts who follow and analyze Mekonomen Group and who give a recommendation on the stock.

Communication to the capital market

Mekonomen Group's communication to the capital market aims to provide the market with reliable, accurate, and up-to-date information regarding the company's position, operations, and development. The information should increase knowledge and interest in the company.

In addition to quarterly reporting and teleconferences, Mekonomen Group participated in a large number of digital and physical investor meetings with investors in Sweden, Europe, and the US in 2021. Some of the topics of particular interest to investors and analysts in 2021 were the effects of covid-19, the company's positioning in the green transition and opportunities for continued growth and margin expansion.

MORE INFORMATION ABOUT THE STOCK

The following information and more can be found at www.mekonomen.com/sv/investerare

- Share development
- Owner's instruction
- Share history
- Transparency trading
- Analyst coverage

Analysts who continuously follow Mekonomen Group

Name	Bank
Mats Liss	Kepler Cheuvreux
Stefan Stjernholm	Nordea Markets
Andreas Lundberg	SEB Equities

Here are listed analysts who continuously follow Mekonomen Group. Please note that the above analysts' estimates, forecasts or other opinions do not represent Mekonomen Group or its management.

Share history

Year	Transaction	Nominal value, SEK	Shares, total	Share capital, total, SEK
1990	The company is formed	100.00	1,000	100,000.00
1998	Bonus issue	100.00	400,000	40,000,000.00
1998	Split 10:1	10.00	4,000,000	40,000,000.00
1999	New share issue	10.00	5,434,444	54,344,440.00
2000	New share issue	10.00	7,252,626	72,526,260.00
2001	Redemption convertibles	10.00	7,286,626	72,866,260.00
2002	Redemption convertibles	10.00	7,385,226	73,852,260.00
2003	Redemption convertibles	10.00	7,397,326	73,973,260.00
2003	Split 2:1	5.00	14,794,652	73,973,260.00
2003	Redemption convertibles	5.00	14,869,150	74,345,750.00
2004	Redemption convertibles	5.00	15,304,618	76,523,090.00
2004	New share issue	5.00	15,434,411	77,172,055.00
2005	Split 2:1	2.50	30,868,822	77,172,055.00
2011	New share issue	2.50	32,814,605	82,036,512.50
2012	New share issue	2.50	35,901,487	89,753,717.50
2018	New share issue	2.50	56,416,622	141,041,055.00

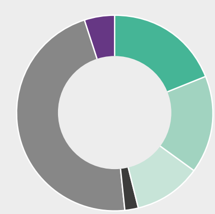
The 15 largest owners 2021-12-31[1)]

Name	Number of shares	Votes and capital
LKQ Corporation	15,001,046	26.59%
Swedbank Robur Fonder	5,368,816	9.52%
Fourth Swedish National Pension Fund	4,679,293	8.29%
Didner & Gerge Fonder	3,757,587	6.66%
Eva Fraim Påhlman	1,822,698	3.23%
Nordea Fonder	1,485,880	2.63%
Dimensional Fund Advisors	1,475,496	2.62%
Vanguard	1,297,302	2.30%
AFA Insurance	1,135,963	2.01%
Ing-Marie Fraim	1,000,000	1.77%
Norges Bank	792,686	1.41%
BlackRock	735,149	1.30%
Nordnet Pension Insurance	563,052	1.00%
Wipunen varainhallinta Oy	550,000	0.97%
Mariatorp Oy	550 000	0.97%
Total 15 largest shareholders	**40,214,968**	**71.28%**
Other	**16,201,654**	**28.72%**

Holdings per size class 2021-12-31[1)]

Size	Number of shares	Capital, %	Votes, %	Number of owners	Percentage of owners, %
1–100	206,866	0.37%	0.34%	6,205	53.18%
101–200	241,356	0.43%	0.45%	1,500	12.85%
201–300	167,882	0.30%	0.31%	638	5.47%
301–400	245,762	0.44%	0.48%	687	5.89%
401–500	197,401	0.35%	0.41%	414	3.55%
501–1,000	846,269	1.50%	1.75%	1,120	9.60%
1,001–2,000	807,444	1.43%	1.75%	532	4.56%
2,001–5,000	1,035,588	1.84%	2.64%	327	2.80%
5,001–10,000	730,502	1.30%	1.61%	99	0.85%
10,001–20,000	851,562	1.51%	1.62%	56	0.48%
20,001–50,000	1,326,134	2.35%	2.57%	38	0.33%
50,001–100,000	1,071,597	1.90%	2.29%	15	0.13%
100,001–200,000	1,503,397	2.66%	1.68%	10	0.09%
200,001–500,000	3,539,445	6.27%	4.68%	12	0.10%
500,001–1,000,000	4,700,081	8.33%	8.97%	7	0.06%
1,000,001–2,000,000	7,217,339	12.79%	16.35%	5	0.04%
2,000,001–5,000,000	8,436,880	14.95%	15.22%	2	0.02%
5,000,001–	20,369,862	36.11%	26.59%	2	0.02%
Anonymous ownership	2,921,255	5.17%	10.30%		

Holding per ownership category[1)]



Data per share[2)]

Amounts in SEK per share where otherwise not stated	2021	2020	2019	2018	2017
Result	10.21	7.67	7.34	6.56	10.05
Cash flow	21.9	28.9	20.3	8.3	13.8
Equity	92.4	80.4	76.4	67.9	65.8
Dividend[3)]	3.00	–	–	–	4.46
Share of profit distributed, %	29	–	–	–	70
Stock market price at year-end	157.1	91.1	93.1	91.5	149.3
Stock market price, year high	182.8	101.1	96.0	166.2	191.0
Stock market price, year low	90.1	35.06	60.8	88.4	139.8
Dividend yield, %	1.9	–	–	–	4.7
P/E at the end of the year, times	15.4	11.9	12.7	14.0	14.9
Average number of shares after dilution effects[4)]	56,049,728	56,323,372	56,338,824	39,718,604	35,901,487
Number of shares at the end of the period[5)]	56,416,622	56,416,622	56,416,622	56,416,622	35,901,487
Number of shareholders at year-end	11,676	11,728	12,259	12,310	10,707

1. Source: Modular Finance.
2. For information on financial definitions, see page 108.
3. The Board's proposal for 2021. The dividend for the years 2016–2017 is recalculated with the number of outstanding shares as of 31 December 2019, 56,323,372. The actual dividend paid was SEK 7 per 35,901,487 shares for the years 2016–2017.
4. No dilution current.
5. The total number of shares amounts to 56,416,622, of which 93,250 are treasury shares and 340,000 are hedged through share swaps at the end of the period.

ADMINISTRATION REPORT

General
The Board of Directors and the Managing Director of Mekonomen AB (publ.) 556392-1971 may hereby provide annual and consolidated financial statements for the 2021 financial year.

Mekonomen Group operates in the main markets Denmark, Poland, Sweden, and Norway through the business areas of FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

The Group purchase and distributes car-related products through its own central warehouses, region warehouses, and a wide network of branches and local warehouses. All warehouses and the majority of branches are owned by the Group. A smaller number of branches are operated through part-ownership or franchise collaboration.

The sale mainly takes place B2B to affiliated workshops and other corporate customers. In addition, the Group operates attractive concepts under strong brands to attract car owners to affiliated workshops.

The Group's workshop concepts are operated under the brands; AutoMester, AlltiBil, BilXtra, CarPeople, Din Bilpartner, Hella Service Partner, Inter Data Service, MECA Car Service, Mekonomen Bilverkstad, Mekopartner, O.K. Serwis and Speedy.

The parent company is based in Stockholm. The main office address is Box 19542, 104 32 Stockholm. Visitor address: Solnavägen 4 floor 11. The parent company's stock is listed on the Nasdaq Stockholm, Mid CAP segment. The three largest owners of the parent company as of 31 December 2021 are: LKQ Corporation with 26.6 percent, Swedbank Robur Fonder with 9.5 percent, and Fjärde AP-fonden with 8.3 percent.

Year of operation
2021 has been marked by strong organic growth and improved profitability for Mekonomen Group. Market development has generally been good with a limited impact from restrictions in the aftermath of covid-19, despite the occasional closed branches and workshops in more of our markets. Higher commodity prices, lack of individual components, and disruption to supply chains have affected market developments. Through proactive action and strong relationships with the Company's suppliers, Mekonomen Group has been able to ensure good access to spare parts and accessories, and also created opportunities for some buildup and greater breadth in the Company's inventory. The Company's assessment is that Mekonomen Group took market share in several of the markets and expects continued good demand for the Company's products and services.

In the first quarter, the Company diversified its financing through an issue of a senior unsecured bond of SEK 1.25 billion maturing in 2026. The financing strengthens the company's financial position and extends the debt maturity structure.

In February, the company held a well-attended digital capital markets day, explaining the strategy and position of enablers of mobility in more detail. The strategy focuses on four areas: operational excellence, concept development for workshops, new customer solutions for car owners, and new revenue streams. Together, they form the foundation for the company's digital and sustainable transformation, by fully leveraging the trend towards greener vehicle technologies and new customer behaviors. The company's overall goal is to reach a turnover of NOK 15 billion by 2025 and an adjusted EBIT of SEK 1.5 billion.

The Company has taken major steps over the year in digitizing the value chain and adapting to new customer behaviors. Demand for digital B2C services rose markedly over the year, with e-commerce sales rising 40 percent and a 20 percent increase in the number of digital bookings of workshop services.

In the first quarter, Mekonomen launched a new service agreement for car owners in Sweden, with fixed prices and easy terms. The offer is simple and predictable, with a competitive fixed monthly fee with no surprises, whether the car owner has a new car or one that has been running for a few years. The Company has continued development of the Heavy Vehicle Concept, which was launched in late 2020. The aim is to establish 50 workshops within the concept in Norway before the end of 2023, supplemented by 30 distribution centers in Sweden.

In 2021, the Company has strengthened its position as an industry leader in the important realignment towards an increasingly electrified fleet of vehicles. As a first player in the industry, a new standard for servicing electric cars, the E+, was launched in the spring that ensures that workshops have the right skills and equipment to service and repair electric cars. By the end of 2021, over 2,000 of the affiliated workshops met the criteria for the E+ standard. In Sweden, a mobile training tour began during the year where automotive technicians obtain an in-depth electric car training in 29 localities in Sweden. In Denmark, FTZ launched a concept for electric car workshops covering everything from spare parts to equipment, service, and training. The Company has increased the warehousing of spare parts for the 30 most common electric cars in Northern Europe over the year and had a full range for these years, with the objective of having a full range available in 2022.

In the second quarter, the company signed a memorandum of intent with electric car maker Fisker around service and repairs in Denmark, Norway, and Sweden. Fisker intends to launch its cars in the company's markets during the end of 2022. With a wide network of branches, an efficient wholesale and logistics business, unbeatable availability, and a large number of workshops with electric car skills, the Company is an attractive collaborator for new electric car manufacturer.

Total branches in the chains at the end of the period amounted to 479 (475), of which number of own branches is 401 (396). The number of affiliated workshops totalled 3,721 (3,568).

Revenue

Net sales increased 7 percent to SEK 12,309 M (11,511). Net sales have been negatively impacted by exchange rate effects of 2 percent. Organic growth was 8 percent. Increased turnover, despite negative currency effects of 2 per cent equivalent to SEK 186 M, is due to good recovery relative to the previous year and growth in existing and new business. The number of working days was unchanged in Norway, one day more in Sweden, one day fewer in Denmark and Finland, as well as two days fewer in Poland in the full year compared to the previous year.

Other operating income consists mainly of rental income, marketing contributions, and foreign exchange gains.

Gross margin

Gross margin improved to 45.5 (45.1) percent.

Adjusted operating profit, EBIT

Adjusted EBIT increased to SEK 1,031 M (937) and adjusted EBIT margin amounted to 8 (8) percent. Adjusted EBIT refers to operating profit, EBIT adjusted for items affecting comparability and material acquisition-related items attributable to amortization on acquired intangible assets relating to the acquisitions of FTZ, Inter-Team and MECA (including Sørensen and Balchen until and including April 2021).

Operating profit, EBIT

EBIT was SEK 894 M (738) and EBIT margin was 7 (6) percent. EBIT has been positively impacted by items affecting comparability in the quarter of 3 (negative 44), attributable to payment from health insurance AGS of SEK 12 M and impairment of Lasingoo of SEK 8 M. The previous year's items affecting comparability were attributable to structural measures in the MECA/Mekonomen. EBIT was positively impacted in the comparison period as a result of aid amounting to SEK 48 M due to the covid-19 pandemic relating to the reduction of employer contributions, aid to sick pay and lay-off aid, mainly in the business area of MECA/Mekonomen, Inter-Team, and Sørensen og Balchen.

Exchange rate effects on the balance sheet affected EBIT positively by SEK 10 (negatively 18). Restrictions related to covid-19 have affected the period to a limited extent, the comparison period was adversely affected by the covid-19 outbreak, and had a large influence of exchange rate effects. The comparison period includes insurance reimbursements that broadly compensated for the turnover abort case that occurred in the second quarter as an effect of the data breach.

SEK M	2021	2020
Operating profit (EBIT)	**894**	**738**
Payout AGS health insurance	12	–
Impairment of associate companies	–8	–
Costs attributable to restructuring in the MECA/ Mekonomen	–	–50
Profit on sale of property FTZ	–	6
Items affecting comparability, total	**3**	**–44**
Other items[1)]	–141	–155
Adjusted Operating Income (EBIT)	**1,031**	**937**

1. Other items include material acquisition-related items. Current acquisition-related items are amortization on acquired intangible assets related to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen (Sørensen og Balchen up to and including quarter 2, 2021, when these write-offs were completed).

Profit after financial items

Profit after financial items rose to SEK 759 M (596). Net interest income amounted to SEK –106 M (–123) and other financial items amounted to SEK –29 M (–19). The financial net for the full year period also includes incurred costs related to new financing as well as early terminations of previous financing and interest rate swap.

Profit for the year

Earnings after tax amounted to SEK 587 M (446). Earnings per share, both before and after dilution, amounted to SEK 10.21 (7.67).

Seasonal effects

In its business, the Group has no real seasonal effects. However, the number of working days affects both sales and profit. Unusually hot or cold weather can also affect turnover.

BUSINESS AREA FTZ

The FTZ business area essentially includes wholesale and retail operations in Denmark.

Net sales increased 3 percent to SEK 3,480 M (3,369). Currency effects negatively impacted net sales by 3 percent. Organic growth was 7 percent.

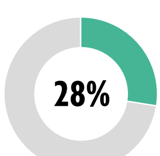
Sales have progressed well and benefitted from good access on parts and accessories. The number of digital bookings has risen sharply compared with the previous year.

EBIT increased to SEK 352 M (331) and the EBIT margin was 10 (10) percent. The improved performance is primarily related to increased sales volumes and good cost control, but has been negatively impacted by increased marketing investment and transportation costs compared to the prior year. The result has not been affected by any comparative disruptive items during the year (6) SEK M. Gross margin strengthened slightly as higher volume-based vendor bonuses and price adjustments made up for a slightly changed product mix.

During the year, the number of working days was 1 day fewer in Denmark compared to the previous year.

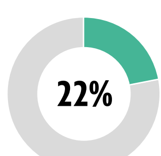
KEY FIGURES – SHARE OF THE GROUP

Net sale



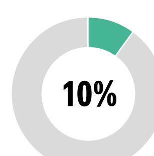
SEK 3,480 M

Employees



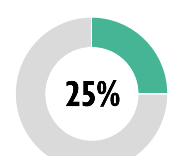
Average number of employees 1,125

Branches



Number of branches 50 of which own 50

Workshops



Number of workshops 919

KEY EVENTS 2021

- Strengthened position
- Supplier of the Year - Auto Awards 2021
- Acquisition of lubricant oil company Vantage
- Increased digital bookings of workshop services

FOCUS 2022

- Customer focus
- Central warehouse project
- Electric and technical training for mechanics
- Efficiency

INTER-TEAM BUSINESS AREA

The Inter-Team business area essentially includes wholesale and retail operations in Poland as well as export operations.

Net sales increased 5 percent to SEK 2,091 M (1,988). Currency effects negatively impacted net sales by 7 percent. Organic growth was 13 percent.

Growth has been driven by strong sales in the Polish market and continued positive developments for the export business, mainly as a result of good sales to Germany and Slovakia. During the start of the year, operations were affected by restrictions, but market activity has added as easing these. The development has been affected by continued price pressures in both the Polish market and in the export deal.

EBIT increased to SEK 102 M (86) and the EBIT margin to 5 (4) percent. The earnings increase is primarily an effect of increased efficiency as well as a strengthened gross margin. Gross margin improved as increased supplier bonuses along with price adjustments more than compensated for higher purchase prices as a result of negative exchange rate changes.

During the year, the number of working days was two days fewer in Poland compared to the previous year.

KEY FIGURES – SHARE OF THE GROUP

Net sale
17%
SEK 2,091 M

Employees
29%
Average number of employees 1,472

Branches
18%
Number of branches 85 of which own 83

Workshops
21%
Number of workshops 791

KEY EVENTS 2021

- Increased profitability
- Strong organic growth
- Increased availability with new region warehouse
- Profitable export operation

FOCUS 2022

- Customer focus
- Domestic growth
- Regional warehouse structure
- Efficiency

BUSINESS AREA MECA/MEKONOMEN

The MECA/Mekonomen business area essentially includes wholesale, retail, workshop, and fleet operations in Sweden, Norway, and Finland. The business area consists of the activities MECA, Mekonomen and a number of smaller activities.

Net sales increased 9 percent and amounted to SEK 5,857 M (5,363), including SEK 3,564 M (3,247) in Swedish operations, SEK 2,182 M (2,025) in Norwegian operations, and SEK 111 M (91) in Finnish operations. Currency effects negatively impacted net sales by 1 percent. Organic growth was 8 percent.

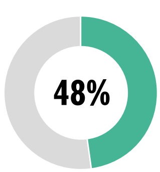
Activity in the Swedish market has been strong for most of the business year, while developments in Norway have been subdued compared to the very strong 2020. Development for the training business ProMeister Solutions was weak during the start of the year due to restrictions, but demand has risen sharply as easing restrictions.

EBIT increased to SEK 447 M (352) and EBIT margin was 7 (6) percent. EBIT has been affected by comparative disruptive items totalling SEK 12 (–50) during the year, relating to a payment from AGS health insurance. The previous year was positively impacted by SEK 63 M in respect of a paid insurance remuneration following the IT intrusion to which the business area was subjected in spring 2020. Gross margin remained unchanged as price adjustments and exchange rate changes compensated for a slightly changed product mix.

The number of working days was unchanged in Norway, one day more in Sweden, and one day fewer in Finland, compared to the previous year.

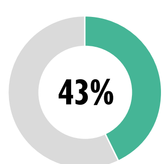
KEY FIGURES – SHARE OF THE GROUP

Net sale



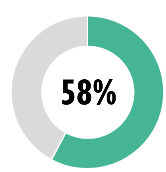
SEK 5,857 M

Employees



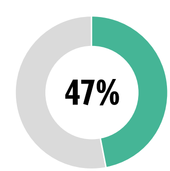
Average number of employees 2,219

Branches



Number of branches 278 of which own 229

Workshops



Number of workshops 1,758

KEY EVENTS 2021

- Increased growth and profitability
- Country organizations implemented
- Launch of Service Agreements
- Mobile training tour

FOCUS 2022

- Customer focus
- Electric car transformation
- Heavy vehicles
- Efficiency

BUSINESS AREA OF SØRENSEN OG BALCHEN

The Sørensen og Balchen business area essentially includes wholesale and retail operations in Norway. Sørensen og Balchen is the business area of the Group with the highest proportion of sales directly to consumer and is thus more exposed to the increased competition in retail than the rest of the Group.

Net sales increased 10 percent and amounted to SEK 873 M (791). Currency effects negatively impacted net sales by 2 percent. Organic growth stood at 8 percent.

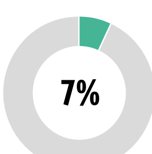
Sales have progressed positively across wholesale and consumer-led sales during the year. The business has benefitted from continued good market activity, despite periods of increased spread of infection and severe restrictions in Norway. Activities were adversely affected during the start of the year when restrictions in the form of local closures in the areas around Oslo and Bergen hit approx. 25 of the shops.

EBIT increased to SEK 185 M (170) and the EBIT margin was 21 (21) percent. Higher sales volumes and continued strict cost control have contributed positively to earnings trends. Gross margin remained unchanged as higher volumes and currency-related price adjustments offset higher purchasing costs and a slightly changed product mix.

During the year, the number of working days remained unchanged in Norway compared to the previous year.

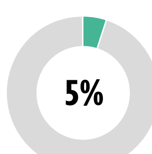
KEY FIGURES - SHARE OF THE GROUP

Net sale



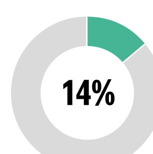
SEK 873 M

Employees



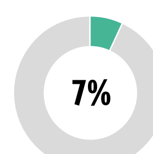
Average number of employees 274

Branches



Number of branches 66 of which own 39

Workshops



Number of workshops 253

KEY EVENTS 2021

- Strong growth and profitability
- Increased sales of accessories
- Increased sales in digital channels B2C
- Increased focus on affiliated workshops

FOCUS 2022

- Customer focus
- Affiliated workshops
- Car assessories
- Efficiency

Acquisitions and establishments

During the year, through FTZ in Denmark, the Group has acquired 70 percent in Vantage in Denmark, which is a leading player in lubricant oil, particularly in the area of recommendations and support.

In Poland, through Inter-Team, the Group has established two branches in Tychy and Oddział.

In Sweden, through MECA/Mekonomen, the Group has acquired a former collaborative shop in Vetlanda and a workshop in Karlstad.

In Norway, through MECA/Mekonomen, the Group has acquired a former collaborative shop in Bergen, Norway as well as established a new branch in Gjøvik, Norway. Through Sørensen og Balchen, the Group has acquired a workshop in Drammen, Norway as well as established a branch in Stavanger.

Investments

Investment in fixed assets during the year amounted to SEK 682 M (510) including leases of SEK 509 M (358). Depreciation and impairments of material fixed assets amounted to SEK 582 M (606).

Corporate and operating acquisitions have amounted to SEK 36 M (52), of which SEK 2 M (5) refers to assessed additional purchase price. In 2021, additional purchase differences amounting to SEK 4 M (2) have also been paid. Acquired assets totalled SEK 35 M (33) and assumed liabilities amounted to SEK 19 M (22). In addition to goodwill, which amounted to SEK 16 M (25) has overvalues of intangible fixed assets identified relating to customer relations with SEK 5 M (47) and IT systems with SEK 9 M (–). Deferred tax debt attributable to acquired intangible fixed assets amounted to SEK 3 M (8).

Acquired minority shares amounted to SEK 27 M (11). Acquired minority shares amounted to SEK 0 M (–). Divested operations amounted to SEK 2 M (1).

Financial position and cash flow

Cash flow from operating activities amounted to SEK 1,227 M (1,625). Earnings after tax amounted to SEK 192 M (170). Cash and cash equivalents went up to SEK 892 M (420). Solidity stood at 40 (38) percent. Long-term interest-bearing liabilities amounted to SEK M 4,177 (3,911), including long-term lease debt of SEK 1,181 M (1,168). Long-term interest-bearing liabilities amounted to SEK 664 M (1,043), including long-term lease debt of SEK 467 M (432).

During the full year period, aid used in 2020 in Denmark and Sweden has been refunded according to plan, while receiving new aid in Denmark. In total, these deferred VAT, employer fee, and tax payments amount to approximately SEK 98 M as of 31 December compared to SEK 132 as of 30 September, SEK 131 M as of 30 June, SEK 163 M as of 31 March, and SEK 208 M at the year-end of the previous year. These offsets will be repaid future periods through the first quarter of 2023 and will then adversely affect cash flow and indebtedness ratios.

Net debt was 2,264 (2,673), representing a decrease of SEK 409 M from the previous year. What has mainly impacted the change in net debt over the year is new funding structure, current operating profit, changing working capital, investment and exchange rate changes. In the first quarter, a senior unsecured bond of SEK 1,250 M was issued which was partially used for the early termination of the Revolving credit facility (RCF) of SEK 801 M, and prior loans of SEK 90 M. In addition to this, loans have been amortized according to plan during the quarter by SEK 51 M and in the full year period by SEK 238 M as well as additional amortization have occurred from the SEK 51 M deferred at the covid-19 outbreak in the first quarter of 2020. The cash and spare credit facilities available by the economy were approximately SEK 2,004 M at the end of December, compared to SEK 1,442 M at the year-end of the previous year, and SEK 2,044 M at the previous quarter's end. The Company complies with all covenants in the loan agreements as of 2021-12-31.

Employees

Committed leaders and employees are a prerequisite for successful growth and development of our business. We believe that a clear direction for the Group and clear mission for our leaders and employees are important prerequisites for engagement. Skills development is through internal and external training, as well as through career and development planning with new and in-depth tasks in ongoing work. A basic approach to work within the Group is to encourage internal recruitment and talent development.

We strive for our workplaces to reflect the diversity of our customer groups and society at large. Diversity is also important in creating renewal and change in a traditional industry. Through employees and leaders with different experiences and competencies, we improve the ability to meet customer needs. Within the Group there is a well-developed Human Resource Management work that includes, among other things, gender equality plans, action programmes against employment discrimination, clear goals and target follow-ups, reporting and an explicit allocation of responsibilities.

Employee surveys, employee conversations, and managers' ongoing dialogue with employees are addressed, issues around wellbeing and working conditions. And what the opportunity looks like for the individual to influence his or her work situation. Results from the dialogue are managed on an ongoing basis with the aim of implementing improvements in the business, from an overall perspective to the own group/entity. To more clearly follow up on issues around leadership and engagement across the Group, a joint employee survey was introduced in 2021 which will go forward to be conducted annually.

The number of employees at the end of the year was 5,711 (5,510) people and the average number of employees during the year was 5,118 (4,912) people.

Remuneration to senior executives

Guidelines regarding remuneration to senior executives are set out in Note 5. Ahead of the 2022 AGM, a new share-based long-term program LTIP 2022 is proposed, in addition to the existing share-based programs running in the Group, LTIP 2019, LTIP 2020 and LTIP 2021. LTIP 2019 closes in the second quarter of 2022. No significant changes are otherwise proposed. For more detailed information, please refer to the corporate governance report on pae 50 as well as the company's remuneration report at www.mekonomen.com.

Sensitivity Analysis

The performance of Mekonomen Group is influenced by a host of factors, such as sales volume, exchange rate changes on imported goods and sales to foreign subsidiaries, margins on purchased goods, and wage changes. Imports are mainly from Europe, mainly in the currencies of EUR, DKK, SEK, and NOK. Purchases in EUR comprise about 41 percent of the purchase volume. The table below shows the currency effect on the net flow of the respective currencies. The influence of NOK refers to internal sales from Bileko Car Parts AB to Group companies in Norway, as well as the results of the year in Norway. See Note 36 for details on how the Group manages currency risk.

Factors pertaining to profit before tax

	Change, %	Impact, MSEK[1]
Sales Volume	+1	56
Exchange rate change		
NOK	+10	95 (66)
EUR	+10	–176 (–165)
DKK	+10	27 (26)
USD	+10	–14 (–8)
Gross margin	Plus a %-device	123 (115)
Personnel costs	+1	–28 (–26)
Interest rate[2]	+1	–5 (–11)

1. All other things being equal, pre-tax earnings for fiscal year 2021.
2. The effect is based on the Group's net debt, SEK 2,264 M, as of 2021-12-31 adjusted for interest rate swap of SEK 1,506 M.

The Group's foreign exchange exposure in the conversion of foreign currency assets and liabilities (excluding the conversion of foreign subsidiaries and net investments in foreign operations) is, as of the balance sheet date, above all against EUR and NOK. Below are effects on earnings in recalculation of financial assets and liabilities that existed as of 31 December 2021:

- If EUR had been boosted by 10 percent, with all other variables constant, pre-tax earnings would be adversely affected by SEK –30 M (negative 35), mostly as a result of losses when recounting accounts payable.
- If NOK had been boosted by 10 percent, with all other variables constant, pre-tax earnings would be positively impacted by SEK 2 M (positive 4), mostly as a result of gains when recounting accounts receivables.

The above estimated effects as of 31 December 2021 vary from month to month depending on the size of balance items at the time of the book end.

Risks and uncertainties

Mekonomen Group's activities, like all business activities, are exposed to a number of external, strategic, operational and financial risks. Identified essential risks are continuously followed and risk-reducing measures are taken to limit the effects. The most relevant risks to the business and its change are described in the Risk and Risk Management section on page 26, as well as in Note 36 Financial Risks.

In the 2021 business year, the Group's risk profile has changed primarily based on focused work on sustainability risks.

Parent Company, Central Functions, and Other Items

The parent company's operations essentially include Group Management. The parent company's results after financial net amounted to SEK –173 M (4), excluding share dividends from subsidiaries of SEK 530 M (474). The difference against the comparison period is mostly due to exchange rate changes. The financial net for the full year period also includes incurred costs related to new financing as well as early terminations of previous financing, and interest rate swap.

The average number of employees in the parent company was 6 (6). Mekonomen AB has sold goods and services to Group companies for a total of SEK 47 M (43).

Central functions include Group joint functions including Mekonomen AB. Group joint functions include functions that support the entire Group's work; finance and controlling, risk management and internal auditing, sustainability, law, business development, communications and market; HR; and operations involving purchasing, assortment, logistics, and IT. The units reported in "Central Functions" do not achieve quantitative limits to be reported separately and the benefit is deemed limited for the users of the financial statements to report as segments. Central functions EBIT amounted to SEK –51 M (–46).

Other items include acquisition-related items attributable to Mekonomen AB's direct acquisition. Current acquisition-related items are amortization of acquired intangible assets related to the

MECA, FTZ and Inter-Team acquisitions of SEK –141 M (–155), including Sørensen og Balchen. In the second quarter, the acquired intangible assets relating to Sørensen og Balchen have been written off in full and the depreciation thus terminated.

Sustainability accounting and Sustainability report

The Group reports its sustainability work annually with the support of the Global Reporting Initiatives (GRI) Standards core. The 2021 Sustainability Report also constitutes the Group's Communication on Progress to the United Nations Global Compact. The Group Sustainability Report 2021 has been drawn up taking into account the requirements of the Annual accounts Act. The scope of the sustainability report is shown in page 105.

Environment

Mekonomen Group complies with applicable environmental legislation, which also means that we are subject to the precautionary principle of taking the necessary measures to reduce our negative environmental impact.

The Group does not conduct any permitting activities under the respective national environmental law. Notifiable activities in the form of car washes are carried out in the Group. The permits required to handle certain quantities and types of chemicals and flammable goods are handled by the respective companies.

Our greatest direct environmental impact lies in the areas of transport, energy use in premises, and chemical and waste management. Our businesses have rules and procedures for managing their environmental impact of those areas. For further information on the Group's environmental work, see page 21.

Events after year-end

The Mekonomen Nomination Committee announced by press release on 10 February 2022 that they are proposing to the AGM on 20 May 2022, the re-election of directors Robert M. Hanser, Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, Helena Skåntorp, and Michael Løve. Robert M. Hanser is proposed to be elected chairman of the board. Learn more about the proposed board members at www.mekonomen.com.

The Mekonomen Board of Directors proposed, in connection with the year-end report 2021, that the Annual General Meeting 2022 decide on dividends of SEK 3.00 per share.

Russia's invasion of Ukraine in February 2022 has created great world unrest. The external sanctions against Russia are likely to lead to increased purchase prices, currency effects and a shortage of raw materials that may affect the availability of certain product categories. Mekonomen Group estimates that the availability of the Group's products will continue to be good as a result of wide stocks within the Group and with suppliers. Price increases to customers have taken place to varying degrees in our markets during the first quarter of 2022, to balance increased purchase prices. Although it is not yet possible to fully predict the impact that the war will have on the Group's business, Mekonomen Group believes that the company's strong financial position and continued strong demand for products will contribute to a stable development.

On 21 February, Mekonomen Group announced that the Group's Danish business area FTZ will build a new high-tech automated central warehouse with head office and training academy outside Odense. The initiative aims to further strengthen competitiveness and strengthen Mekonomen Group's already leading position in Denmark. The new facility will be completed in 2024.

On 10 March, 2022, Mekonomen Group announced the acquisition of 20.5 percent of the Swedish service company Omnicar Holding AB, which offers mobile car service and digital sales of electric cars. Today, Omnicar's services are offered in Denmark with planned establishment also in Sweden and Norway. Mobile workshop services are a fast growing trend that is appreciated by both companies and individuals.

Beyond above, no significant events have occurred after the accounting year's expiration.

Future developments

Mekonomen Group's business model is solid. The demand for mobility is timeless and a linchpin of society. Furthermore, as automotive technology grows greener and customer behaviors change, new business opportunities are created, where service needs consist not only but also evolve. The Company has a leading position in the main markets with the ambition to drive digital and sustainable development in the industry.

Based on developments around covid-19 with reopening of communities during early 2022, Mekonomen Group assesses that the pandemic has a limited impact on operations, as long as a complete shutdown is not reintroduced in our main markets or in markets affecting operations, such as suppliers' markets.

Through the Group's good relationship with suppliers as well as broad and well-stocked branches, Mekonomen Group does not assess that availability on parts and accessories will be significantly reduced in 2022.

The Group maintains focus on increasing profitability, reducing indebtedness, and generating positive cash flows. Furthermore, the Group intends to continue the work of continuously developing and adapting the business of broadened assortment and services to attract existing and new customer groups.

The share

Share capital and ownership ratios

As of 31 December 2021, Mekonomen AB (publ) share capital reached SEK 141 M (141) and consists of 56,416,622 (56,416,622) shares at a quota value of SEK 2.50 (2.50) per share. Each share (excluding shares in sole custody) entitles to one vote at the company's general meeting and all shares own equal rights to a stake in the company's profits and assets. Each shareholder may vote for all their shares without restrictions and the shares are not subject to any transfer restrictions.

Mekonomen AB has 93,250 shares in its own custody. Shares in own custody do not entitle to dividends and are not entitled to vote. LKQ Corporation represents 26.6 percent of voting numbers.

For information on the 15 largest owners as of 31 December 2021, see table on page 31.

Authorization

The Annual General Meeting of 7 May 2021 authorized the Board of Directors to decide on one or more occasions, on one or more occasions, with or without the preferential rights of shareholders, to decide on the rights issue of no more than 5,641,662 shares. At the end of the fiscal year, no new shares had been issued under the above authorization.

Dividend policy

It is the intention of the Board for Mekonomen AB to provide dividends equal to at least 50 percent of earnings after tax. When deciding on dividend proposals, the Board considers the Group's potential acquisition opportunities, financial condition, investment needs, and prospects.

Shareholder agreements

As far as the board of Mekonomen AB (publ) is aware, there are no shareholder agreements or other agreements between the shareholder of Mekonomen aiming for common influence over the company. As far as the Board of Directors of Mekonomen AB (publ) is aware, there are also no agreements or equivalents that may result in changing control of the company.

Share dividend

The Board of Directors proposes a dividend of SEK 3.00 per share to the 2022 AGM. When deciding on dividend proposals, the Board takes into account the Company's potential acquisition opportunities, financial condition, investment needs, and prospects. However, the board stands by the long-term dividend policy on dividends of at least 50 percent of profits.

Work of the Board 2021

At the annual meeting of 7 May 2021, it was decided that the Board shall consist of seven regular members without alternates. In accordance with the proposal of the Nomination Committee, the AGM decided on the re-election of Helena Skåntorp (vice chair), Eivor Andersson, Kenny Bräck, Joseph M. Holsten and Magnus Håkansson, as well as new elected members by Robert M. Hanser and Michael Løve. Robert M. Hanser was elected chair of the board.

In 2021, the Board has held 9 (18) meetings of which 0 (2) were independent. At this year's meetings, the Board considered the fixed points that existed at the respective board meeting such as annual financial statements including the determination of dividends, interim reports, budget, strategy, business location, economic reporting, investment, and market development.

The board has established a remuneration committee and an audit committees. The work of the committees is essentially of a preparatory and advisory giving nature, although the board can delegate authority to make decisions in specific cases. Members of the committee and their chairs are appointed at the statutory board meeting held directly after the election of directors. See further information on page 47.

Auditor

The Auditor of the Group is elected annually at the Annual General Meeting. According to a resolution of the Annual General Meeting, auditor's fees are paid according to approved count. The Group's auditors report to the board as required, though at least once a year. The Group's external auditors also participate in Audit Committee meetings.

At the 2020 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-elected as the auditing firm until the 2022 Annual General Meeting. The chief auditor is autgorized public accountant Linda Corneliusson, who has an organization comprising broad and specialized skills that is well-suited to Mekonomen Group's operations. PwC has been auditor in the company since 2014.

Proposed appropriation of profit

The parent company

The following profit is at the disposal of the AGM	SEK 000s
Profit brought forward	5,513,006
Profit for the year	590,194
Total	**6,103,200**

The Board proposes that profits be appropriated as follows:	SEK 000s
Dividend to shareholders[1)]	168,970
To be carried forward[1)]	5,934,230
Total	**6,103,200**

1. Of the amount paid out, 1,020 will be repaid to Mekonomen AB as a result of 340,000 hedged shares via share swaps.
2. The amount balanced in a new account will increase by 1,020 as a result of dividends that will be repaid for 340,000 hedged shares via share swaps.

Regarding the performance and position of the Company and Group otherwise, reference is made to subsequent earnings and balance sheets with cash flow analyses and related notes.

CORPORATE GOVERNANCE REPORT

Mekonomen Group consists of around 200 companies that primarily conduct business in Denmark, Norway, Poland and Sweden, as well as minor operations in Finland The Parent Company of the Group is the Swedish public limited liability company Mekonomen AB, whose shares are listed on the Nasdaq Stockholm.

Principles for corporate governance

The Group's corporate governance concerns how the operations are governed, managed and controlled in order to create value for the company's shareholders and other stakeholders. The aim of corporate governance is to create the conditions for active and responsible company bodies, to clarify roles and segregation of responsibilities and to ensure true and fair reporting and information.

Both internal and external regulations are used as a foundation for the governance of the Group.

External regulations	Internal regulations
Swedish Companies Act	Articles of Association
Annual Accounts Act	Board's and committees' rules of procedure
Other relevant laws	Board's instruction for the President
Nasdaq Stockholm AB's Rule book for issuers	Code of Conduct and Core Values
Swedish Corporate Governance Code (the Code)	Policies, guidelines and instructions
EU Market Abuse Regulation (MAR)	

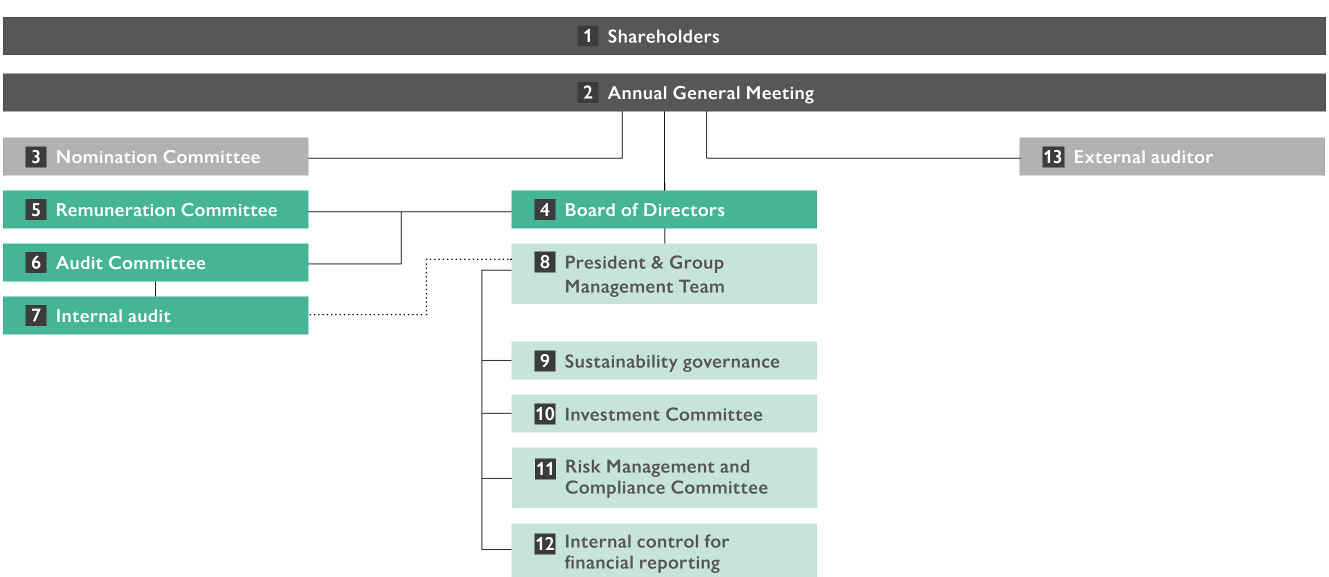
Application of the Swedish Corporate Governance Code

The Group applied the Swedish Corporate Governance Code ("the Code") with the following deviation in 2021:

Deviation from the Code (rule 2:4):
According to the Code, a Board member shall not be the Nomination Committee's chairman.

Explanation:
Chairman of the Board Robert M. Hanser is also the chairman of the Nomination Committee as it is a natural choice considering the ownership structure of Mekonomen.

Overall Corporate Governance Model



1 Shareholders

The Mekonomen share has been listed on the Nasdaq Stockholm, Mid Cap segment since 29 May 2000. On 31 December 2021, share capital amounted to SEK 141 M, represented by 56,416,622 shares. At year-end, Mekonomen AB had 93,250 treasury shares. Treasury shares do not entitle the holder to dividends or votes. The total market value for the company on 31 December 2021 amounted to SEK 8.9 billion, based on the closing price of SEK 157.10. All shares (excluding treasury shares) provide the same voting rights and equal rights to the company's profit and capital. The company's Articles of Association do not include any restrictions on how many votes each shareholder can cast at a General Meeting.

The number of shareholders on 31 December 2021 was 11,676 (11,728). On the same date, the ten largest shareholders controlled 65.6 per cent (60.0) of the capital and voting rights and foreign owners accounted for 46.6 per cent (41.4) of the capital and voting rights.

Shareholders which directly or indirectly represent at least one-tenth of the voting rights for all shares in Mekonomen are LKQ Corporation and subsidiaries, whose shareholding on 31 December 2021 amounted to 26.6 per cent (26.6). For further information on Mekonomen's shares and shareholders, see page 30.

2 General Meeting

The General Meeting of shareholders is the company's highest governing body, at which every shareholder is entitled to participate. The General Meeting is to be held within six months of the close of the financial year. The General Meeting approves the income statement and balance sheet, the appropriation of the company's earnings, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as making decisions pertaining to proposals from the Board and shareholders. The company announces the date and location of the General Meeting as soon as the Board has made its decision, but not later than in connection with the third-quarter report. Information pertaining to the location and time is available on the company's website. Shareholders that are registered in Euroclear's shareholders register on the record date and have registered participation in adequate time are entitled to participate in the Annual General Meeting and vote according to their shareholdings. All information concerning the company's meetings, such as registration, entitlement for items to be entered in the convening notice and the minutes is available on the company's website, www.mekonomen.com.

It is the company's aim that the General Meeting be a consummate body for shareholders, in accordance with the intentions of the Swedish Companies Act, which is why the objective is usually that the Board in its entirety, the representative of the Nomination Committee, the President and CEO, and other members of the Group Management Team shall always be present at the Meeting. With regard to participation in the 2022 Annual General Meeting, in addition to the opportunity to participate physically, shareholders will be able to choose to participate by postal voting.

Annual General Meeting 2021

The Annual General Meeting was held in Stockholm on 7 May 2021. The complete minutes of the Annual General Meeting are available on the company's website at mekonomen.com. Due to covid-19, the 2021 Annual General Meeting was held solely through postal voting. In brief, the Annual General Meeting resolved:

- to adopt the income statement and balance sheet, the consolidated income statement and the consolidated balance sheet,
- to pay a dividend of SEK 0 per share to shareholders,
- to discharge the members of the Board and the President from liability,
- that the number of members of the Board elected by the Annual General Meeting be seven with no deputy members,
- to pay total Board fees of SEK 3,035,000, of which SEK 650,000 relates to fees to the Chairman of the Board and SEK 420,000 relates to the Executive Vice Chairman, and also SEK 315,000 relates to fees to each of the other Board members elected by the Annual General Meeting who are not employed by the Group. Total board fees also include fees to members of the Board's committees, paid as follows: SEK 125,000 to the Chairman of the Audit Committee, SEK 55,000 to each of the other members of the Audit Committee, SEK 50,000 to the Chairman of the Remuneration Committee and SEK 25,000 to each of the other members of the Remuneration Committee,
- to re-elect the Board members Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson and Helena Skåntorp,
- to elect Robert M. Hanser and Michael Løve as Board members,
- to elect Robert M. Hanser as the Chairman of the Board,
- to re-elect the auditing firm of PricewaterhouseCoopers AB as the company's auditor for the period until the 2022 Annual General Meeting,
- to adopt the Board's proposals for guidelines regarding remuneration of senior executives
- to adopt the Board's proposal to establish a long-term incentive programme (LTIP 2021) and in conjunction with this to authorize the Board to decide on acquisition of own shares and transfer of own shares,
- to adopt authorization for the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 5,641,662 shares
- to amend the Articles of Association with the aim of making postal voting possible for the shareholders.

3 Nomination Committee

In accordance with the guidelines established at the Annual General Meeting on 7 May 2021, Mekonomen Group has established a Nomination Committee comprising four members. The largest shareholders of the company were contacted by the company's Board based on the list of registered shareholders on 31 August 2021 as provided by Euroclear Sweden AB.

The Nomination Committee for the 2022 Annual General Meeting consists of Robert M. Hanser appointed by LKQ Corporation, Thomas Wuolikainen appointed by Fjärde AP-Fonden, Kristian Åkesson appointed by Didner & Gerge Fonder AB and Caroline Sjösten appointed by Swedbank Robur Fonder AB. In accordance with the guidelines, Robert M. Hanser has been appointed the Chairman of the Nomination Committee (deviation from the Code rule 2:4). Mekonomen's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. Fees are not paid to members of the Nomination Committee.

In accordance with the Swedish Corporate Governance Code, the Nomination Committee is to have at least three members, one of whom is to be appointed Chairman. The majority of these members are to be independent in relation to the company and company management and at least one of the Nomination Committee members is to be independent in relation to the company's largest shareholders in terms of the number of votes. Mekonomen Group's Nomination Committee comprises four members, all of whom are deemed to be independent in relation to the company and company management. Mekonomen Group's Nomination Committee also meets other independence requirements.

The Nomination Committee's task is to present proposes to the Annual General Meeting concerning:

- number of Board members and deputy Board members,
- the election of the Chairman of the Board and other members of the company's Board of Directors,
- Board fees and any remuneration for committee work,
- the election and remuneration of auditors, and
- any changes to the instructions for the Nomination Committee.

2022 Annual General Meeting

The Annual General Meeting will be held on 20 May 2022 at Bygget Fest och Konferens, Norrlandsgatan 11, 111 43 Stockholm, Sweden. In addition to physical participation, participation can also take place through postal voting. Read more in the convening notice for the Annual General Meeting on www.mekonomen.com

In conjunction with its task, the Nominating Committee is to perform the duties incumbent on nomination committees in accordance with the Swedish Corporate Governance Code, and at the request of the Nomination Committee, the company is to provide human resources, such as a secretary function for the Committee, to facilitate its work. If necessary, the company is also to pay reasonable costs for external consultants deemed necessary by the Nomination Committee for it to perform its duties.

Mekonomen Group has not established any specific age limit for Board members or time limits pertaining to the length of time Board members may sit on the Board. Auditors are elected annually when the matter is submitted to the Annual General Meeting.

4 Board of Directors

Size and composition

According to the Articles of Association, the Board of Directors is to comprise three to seven members and not more than three deputy members. The company's Articles of Association have no specific provisions relating to the appointment and discharge of Board members or amendments to the Articles of Association. The Board of Directors is to be elected annually at the Annual General Meeting. The Board of Directors shall consist of a well overall mix of the competencies that are important to govern the company's strategic work in a responsible and successful manner. Examples of such competencies include knowledge of retailing, the automotive

Overview of all points on the Board's agenda in 2021*

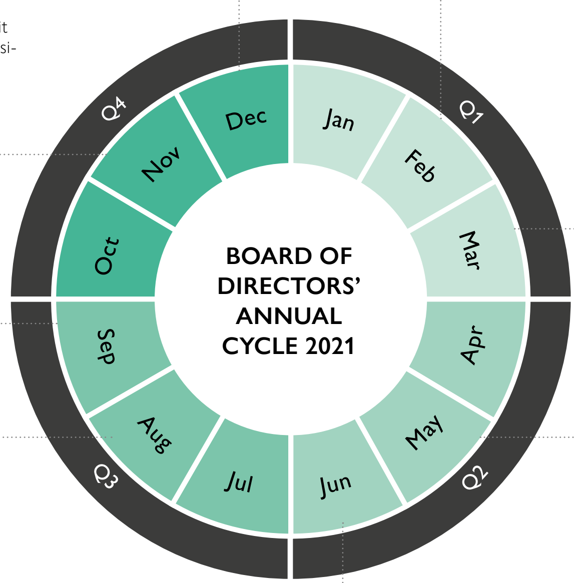
15 December
- Budget
- Internal control, risk and internal audit
- Evaluation of the Board's and the President and CEO's work

28 October
- Q3 2021 quarterly report
- External auditor management audit and reporting from the review

24 September
- Decision on strategy
- Governance-document

19 August
- Q2 2021 quarterly report

16 June
- Strategy update



11 February
- Q4 2021, year-end report
- Dividends
- External auditors' report
- Risk analysis Q4
- Succession plan
- Financing issues

30 March
- Approval of the annual report
- Remuneration report
- Invitation to the AGM
- Proposals to the AGM
- Financing issues

6 & 7 May (Board meeting and Statutory Board meeting)
- Q1 2021 quarterly report
- Board's rules of procedure and instructions for the President
- Committees' rules of procedure
- Election of Vice Chairman
- Election of committee members
- Company signatories
- Policy update
- Financing issues
- Covid-19

* At each ordinary Board meeting, the Group's position and performance and the outlook for the future were discussed.

industry, corporate governance, compliance to rules and regulations, financing and financial analysis as well as remuneration issues. Previous Board experience is another important competency.

Board members

In the opinion of the Nomination Committee, the Board has a suitable composition considering the company's operations, financial position, stage of development and circumstances otherwise. An important starting point for the proposal of Board members was that the Board's composition should reflect and provide space for the different knowledge and experience that the company's strategic development and governance may demand. The company has a diversity policy for the Group that includes the company's Board and management. The company's diversity policy, which was prepared in accordance with the Code's rule 4.1, aims to achieve an even distribution of people in the company in terms of age, gender, education and professional background. The diversity policy forms the basis of the Nomination Committee's proposal to the Board at the 2022 Annual General Meeting.

Chairman

The Chairman of the Board, Robert M. Hanser, is not employed by the company and does not have any assignments with the company beyond his chairmanship. It is the opinion of the Board that Robert M. Hanser ensures that the Board conducts its assignments efficiently and also fulfils its duties in accordance with applicable laws and regulations.

The Board's working procedures

The Board is responsible for the company's organization and management and is to also make decisions pertaining to strategic issues. During 2021, the Board held nine meetings (18), of which none (2) were independent. Minutes of the meetings have been kept by the Board secretary, which is the Group's Director of Legal Affairs and Sustainability or the CFO. For matters which present a risk of a conflict of interest, independent board meetings are held in which the Board members representing LKQ Cooperation do not participate or take part of the minutes.

In matters that risk involving conflicts of interest, independent board meetings are held where the board members representing LKQ Cooperation do not participate or take part in the minutes.

Relevant meeting documentation was sent to all members prior to each meeting, which were then held in accordance with the approved agenda. On occasions, other senior executives participated in Board Meetings in a reporting capacity, as necessary. No dissenting opinions to be recorded in the minutes were expressed at any of the meetings during the year. The Board meetings during the year addressed the fixed items of each meeting agenda, such as the year-end financial statement including dividend proposal, interim reports, budgets, strategies, business situation, financial reporting, investments and market development.

Duties of the Board of Directors

The Board of Directors is responsible for ensuring that the company has good internal control to protect the owners' investment and the company's assets. In accordance with the requirements of the Code, the Board's aim was to devote particular attention to establishing overall goals for the operations and decide on strategies by which to achieve these goals and to continuously evaluate the operating management, with the aim of ensuring the company's governance, management and control. The Board is responsible for ensuring that suitable systems are in place for the monitoring and control of the company's operations and the risks to the company associated with its operations, that control is implemented of compliance with laws, internal guidelines and other regulations and that the provision of external information is open, objective and relevant. The Board of Directors address all interim reports and the Annual Report before they are published. The Audit Committee reports to the Board regarding matters concerning internal control, including matters for decision. Minutes from the Audit Committee meetings are available to the Board members. The tasks of the Board also include establishing necessary guidelines for the company's conduct in society with the aim of securing its long-term value-creating ability.

There are written instructions that regulate the internal rules of procedure in the Board and the distribution of assignments between the Board and the President and CEO, and for the reporting process. The instructions are reviewed annually and are primarily: the rules of procedure for the Board's work, instructions for the President and authorization regulations.

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that evaluation is performed. In 2021, the Chairman organized a digital board evaluation with an external supplier for all Board members. The collective opinion based on the 2021 evaluation is that the Board's work functioned well during the year and that the Board fulfilled the Code's requirements regarding the Board's work.

Board Committees

The Board has established a Remuneration Committee and an Audit Committee. The Committees' work mainly comprises preparing issues and providing consultation, although the Board can delegate authority to make decisions in specific cases. The members and Chairmen of the Committees are appointed at the statutory Board meeting held directly after the election of Board members.

Board remuneration and attendance[1)]

	Total remuneration, SEK	Attendance at Board meetings	Attendance at independent Board meetings	Attendance at Audit Committee meetings	Attendance at Remuneration Committee meetings
Robert M. Hanser (newly elected)	730,000	6/6	–	2/2	2/2
Helena Skåntorp	545,000	9/9	–	4/4	–
Eivor Andersson	365,000	9/9	–	–	4/4
Kenny Bräck	315,000	9/9	–	–	–
Joseph M. Holsten	370,000	7/9	–	4/4	–
Magnus Håkansson	370,000	9/9	–	2/4	–
Michael Løve (newly elected)	340,000	6/6	–	–	2/2

1. John S. Quinn withdrew from the Board in connection with the 2021 Annual General Meeting. John S. Quinn participated in three of three Board meeting up to the 2021 Annual General Meeting. In addition to this, he was a member of the Remuneration Committee where he participated in two of two meetings up to the 2021 Board meetings, and a member of the Audit Committee where he participated in two of two meetings up to the 2021 Annual General Meeting.

Arja Taaveniku withdrew from the Board in connection with the 2021 Annual General Meeting. Arja Taaveniku participated in three of three Board meeting up to the 2021 Annual General Meeting. She was also a member of the Remuneration Committee where she participated in two of two meetings up to the 2021 Annual General Meeting.

5 Remuneration Committee

The Remuneration Committee's tasks are documented in the rules of procedure for the Remuneration Committee, which are annually approved by the Board of Directors. The work of the Remuneration Committee is based on resolutions by the Annual General Meeting pertaining to guidelines for remuneration of senior executives.

- The committee discusses, decides on and presents recommendations on the salaries, other employment terms and incentive programmes for company management. However, the Board in its entirety determines the remuneration and other employment terms for the President and CEO.
- An important matter for the committee during the year was to address the structure of the new remuneration report.

Until the 2021 Annual General Meeting the Remuneration Committee consisted of the Board members Eivor Andersson (Chairman), John S. Quinn and Eivor Taaveniku. As of 7 May 2021 the Remuneration Committee consists of Eivor Andersson (Chairman), Robert M. Hanser and Michael Løve.

In 2021, the Remuneration Committee held four meetings. The respective member's participation is presented in the table on page 47. In addition, the company's President and CEO Pehr Oscarson was present at four meetings and the company's CFO was the committee's secretary during four meetings.

6 Audit Committee

The Audit Committee's tasks are documented in the rules of procedure for the Audit Committee, which are annually approved by the Board of Directors. The committee monitors the effectiveness of internal control with regard to the financial reporting presented by the management with any shortcomings and improvement measures.

- The Audit Committee monitors the financial reporting and ensures its reliability. They monitor the internal and external audit process, as well as the external auditor's impartiality and independence towards the company, including the extent to which the auditor provides the company services other than auditing.
- The Audit Committee's duties include a risk review regarding the Group's risks in terms of the market and competitors, operational risks and financial risks.
- With regard to financial reporting, the Audit Committee has a special responsibility to monitor the effectiveness of the company's internal control.
- The Audit Committee annually evaluates its own work, as well as the work of the external and internal auditors. In addition, the Audit Committee recommends proposals on external auditors and the remuneration of the auditors for the upcoming year to the Nomination Committee.

Until the 2021 Annual General Meeting the Audit Committee consisted of Helena Skåntorp (Chair), John S. Quinn, Joseph M. Holsten and Magnus Håkansson. As of 7 May the Audit Committee consists of Helena Skåntorp (Chair), Robert M. Hanser, Joseph M. Holsten and Magnus Håkansson

The Audit Committee held four meetings in 2021. The respective member's participation is presented in the table on page 47. The Group's external auditors, the CFO, the Head of Risk Management, Internal Control and Internal Audit as well as the Head of Accounting participated at the meetings. The Head of Accounting was the secretary of the committee.

7 Internal audit

Internal Audit is an independent function that provides security for the Board and management. Internal Audit examines different processes and procedures, gives the Board and management a balanced picture of the current situation and proposes improvement measures. This is done by evaluating and proposing improvement in such areas as risk management, compliance with policies and efficiency in the internal control over the financial reporting. The function works throughout the Group. The results of audits carried out are reported to the Audit Committee, the President and CEO and the CFO and information is provided to management in each business area and other units where relevant.

In 2020, the Board of Directors decided to choose EY as a new partner for internal audit, which continued in 2021. During the spring, they conducted an audit of the governance of strategy execution for MECA/Mekonomen in Sweden. In the autumn, an audit was conducted of the investment process. The Group's Head of Risk Internal Control and Internal Audit is responsible for internal audit, which in that function reports to the Chair of the Audit Committee.

BOARD OF DIRECTORS

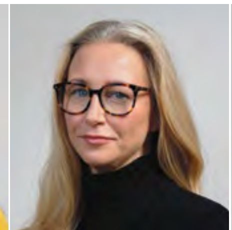
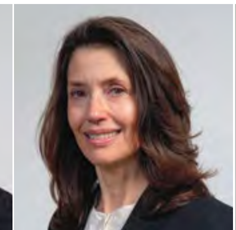


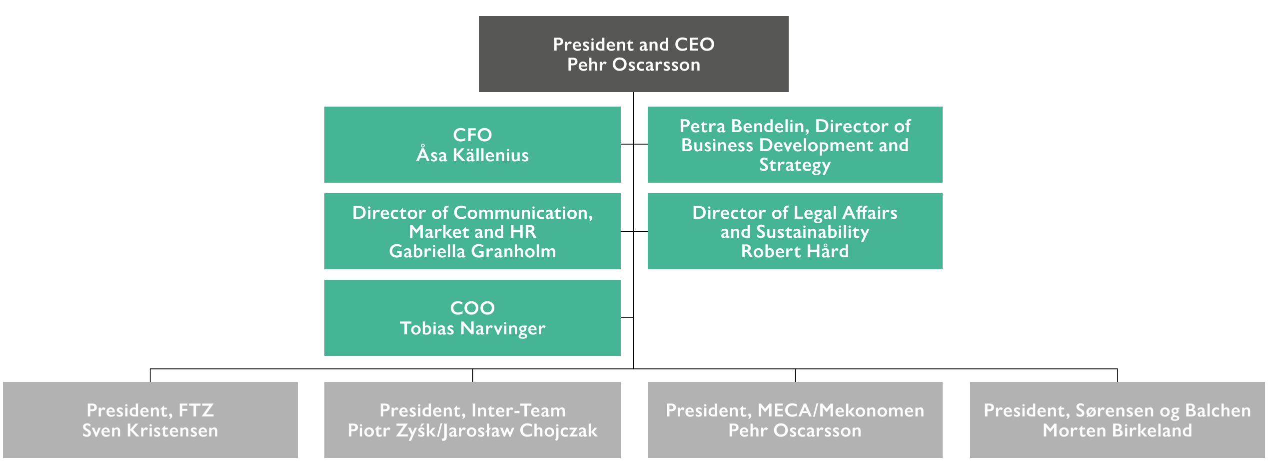




	Robert M. Hanser	Helena Skåntorp	Eivor Andersson	Kenny Bräck	Joseph M. Holsten	Magnus Håkansson	Michael Løve
	Chairman of the Board. Member of Mekonomen's Audit and Remuneration Committees.	Executive Vice Chairman. Chairman of Mekonomen's Audit Committee.	Board member. Chairman of Mekonomen's Remuneration Committee.	Board member.	Board member. Member of Mekonomen's Audit Committee.	Board member. Member of Mekonomen's Audit Committee.	Board member. Member of Mekonomen's Remuneration Committee.
Education	Degree in Business Administration, Mannheim University.	Graduate in Business Administration, Stockholm University.	Marketing Economist, IHM Business School, Stockholm.	Upper secondary school education.	M.B.A., Bachelor of Arts and certified public accountant.	Graduate in Business Administration, Stockholm School of Economics, and holds a Master of Science in Management, MIT Sloan School.	Master of Science in Engineering (MSE), Technical University of Denmark, Denmark.
Elected in	2021	2004	2018	2007	2017	2017	2020
Born	1953	1960	1961	1966	1952	1963	1968
Position and Board assignments	Member of the Board of LKQ Corporation and senior adviser to McKinsey.	Chairman of the Boards of Plint Holding AB and Ljung & Sjöberg AB. Member of the Boards of ByggPartner i Dalarna Holding AB and Bico AB. Chairman of the Boards and co-founder of Nielstorp AB and Skåntorp & Co AB.	Other assignments: Chairman of the Board of Svanudden AB. Member of the Boards of AB Svenska Spel and First Camp Group AB.	Test and Development Driver for McLaren Automotive. Minority owner and Board member of Motorsport Auctions Ltd.	Chairman of the Board of LKQ Corporation.	CEO of MediaMarkt Sverige AB. Chairman of the Boards of Tenant & Partner Group AB, GS1 Sweden AB and Impande Foundation Sweden.	Group CEO of the international food company Netto. Member of the Boards of the Government Climate Partnership for Trade, Smilfonden and the Trade and Logistics Growth Commission, and investor/advisor for Copenhagen Optimization.
Work experience	Multiple assignments within the German multinational technology and electronics company Robert Bosch GmbH, including as the President of Bosch in the UK, Director of Technical Sales South Region in Germany and the President of the Automotive Aftermarket Division in Germany.	President and CEO of Lernia AB, President and CEO of SBC Sveriges BostadsrättsCentrum AB, President and CEO of Jarowskij, CFO of Arla, and Authorized Public Accountant at Öhrlings/PwC.	President and CEO of TUI Nordic, CEO Coop Marknad AB and CEO Ving Sverige AB/ Thomas Cook Sweden.	Former professional racing driver.	President and CEO of LKQ Corporation. Active for 17 years in the U.S. and international operations of Waste Management, Inc., most recently as Executive Vice President and COO. Prior to that auditor at a public accounting firm.	CEO of RNB Retail & Brands AB, CEO of Expert Sverige AB, CFO of KF Group and Consultant at McKinsey & Co. Chairman of the Board of RNB Retail and Brands AB (publ) 2010 –2011.	CEO of the home and building trade company B&Q in the UK, Chief Operating Officer for Coop Denmark and Chief Operating Officer for Copenhagen Airports.
Own shareholdings and shareholdings of related parties	None	3,142	1,000	1,571	None	None	4,667
Independent of the company/company management	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Independent of major shareholders	No, dependent in relation to major shareholders of the company.	Yes	Yes	Yes	No, dependent in relation to major shareholders of the company.	Yes	Yes

GROUP MANAGEMENT TEAM

					
Pehr Oscarsson	**Petra Bendelin**	**Gabriella Granholm**	**Robert Hård**	**Åsa Källenius**	**Tobias Narvinger**
President and CEO	Director of Business Development and Strategy	Director of Communication, Market and HR	Director of Legal Affairs and Sustainability	CFO	COO
Born					
1963	1978	1982	1966	1967	1974
Education					
Technical upper-secondary school, supplemented with short economics and management courses.	Master Psychology/ Behavioural Science, Luleå University of Technology.	Jurisprudence – civil law, Luleå University of Technology, PR and Communication, Berghs School of Communication.	Master of Laws, Lund University.	Graduate in Business Administration, Stockholm University.	Master of Science in Engineering Physics, Chalmers University of Technology. MBA – Master's Course in International Business Administration, Chalmers University of Technology.
Employed					
2001	2010	2010	2003	2017	2011–2016, 2017–
Work experience					
President MECA Scandinavia. Prior to that senior positions in MECA since 2001 and President of Swecar AB.	President of Promeister Solutions. Various positions within business development in MECA, Sigma, Tectura and as self-employed.	Director of Communications, Mekonomen Group, Information Manager, IMA Sport.	Director of Legal Affairs, HR and Environment, MECA Group. Attorney-at-law, Advokatfirman Vinge. Clerk of Helsingborg District Court.	CFO of Tele2 Sweden, CFO Inflight Service. Financial Manager Spendrups Bryggerier.	Various positions in development, sales and purchasing Scania CV AB in Södertälje.
Board appointments					
Deputy Chairman of Association of Swedish Wholesalers of Automotive Parts and Accessories (SBF). Board member of Oscarson Invest Aktiebolag.	Member of the Boards of Green Giant Capital AB and Nic Christiansen Gruppen A/S.	–	–	Member of the Boards of Green landscaping AB, Sinter-Cast AB and Cinis Fertilizer AB. Deputy member of the Boards of Källenius Invest AB, KAAX Investment AB (and subsidiaries), Scylla och Charybdis AB, and ANNMAKA AB.	–
Own shareholdings and shareholdings of related parties					
238,500	6,315	6,000	6,800	16,582	7,000
Share awards					
2,250 (LTIP2019) 5,000 (LTIP2020) 5,000 (LTIP 2021)	800 (LTIP2019) 2,500 (LTIP2020) 3,000 (LTIP 2021)	800 (LTIP2019) 3,000 (LTIP2020) 2,200 (LTIP 2021)	800 (LTIP2019) 3,000 (LTIP2020) 3,000 (LTIP 2021)	1,600 (LTIP2019) 3,000 (LTIP2020) 3,000 (LTIP 2021)	800 (LTIP2019) 3,000 (LTIP2020) 3,000 (LTIP 2021)



8 President and CEO and Group Management Team

President and CEO

The President and CEO is appointed and may be discharged by the Board and his work is regularly evaluated by the Board, which occurs without the presence of the Group Management Team.

Pehr Oscarson has been the President and CEO of Mekonomen AB since 1 March 2017. Prior to that, he served as the acting President and CEO of Mekonomen AB since 6 October 2016. Pehr Oscarson has no shareholdings or partial ownership in companies that Mekonomen AB or the company's subsidiaries have significant business ties with.

Group Management Team

In 2021, the Group Management Team consisted of the Group's President and CEO, Director of Business Development and Strategy, Director of Communication, Market and HR, Director of Legal and Sustainability, CFO and COO. A more detailed presentation of the current Group Management Team is on page 49.

Remuneration to senior executives

It is considered very important to ensure that there is a clear link between remuneration and the Group's distinct values and financial goals in both the short and the long term. The guidelines for the remuneration to senior executives was adopted by the 2021 Annual General Meeting. These guidelines entail that the company is to offer market-based remuneration that allows the Group to recruit and retain the right executives, and entail that the criteria for determining remuneration is to be based on the significance of work duties and employees' competencies, experience and performance. The purpose of the guidelines is to enable such remuneration, but also to link total remuneration to Mekonomen Group's strategy and long-term interests, including sustainability.

Remuneration is to comprise:

- fixed basic salary,
- short-term variable remuneration,
- long-term share-based incentive programmes (LTIP), decided annually by the Annual General Meeting,
- pension benefits,
- other benefits and
- severance pay.

The remuneration to Group Management Team, excluding the President and CEO, is determined by the Board's Remuneration Committee. Remuneration of the President and CEO is determined by the Board in its entirety. Long-term share-based incentive programmes are decided by the Annual General Meeting, however.

The President and CEO Pehr Oscarson has a fixed cash basic salary per month and a short-term cash variable salary portion, which is based on the company's earnings and can amount to a maximum of [60][1)] per cent of the basic annual salary. The President and CEO is included in LTIP 2021, which was decided at the 2021 Annual General Meeting, LTIP 2020, which was decided at the 2020 Annual General Meeting and LTIP 2019, which was decided at the 2019 Annual General Meeting. The President and CEO receives a pension benefit amounting to a maximum of 30 percentage points of the base salary. Other benefit is primarily comprised of a company car. The period of notice for the President and CEO is six months if employment is terminated by the company, and six months if terminated by the President and CEO. In addition, severance pay of a maximum of 12 months' salary may be paid in the event of termination of employment by the company. The short-term variable remuneration for other senior executives is based on the Group's earnings and on individual qualitative parameters and can amount to a maximum of a certain percentage of the fixed annual salary. The percentage is linked to the position of each individual and is 33 percentage points for members of the Group Management Team. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees outside Sweden. Pensionable salary comprises basic salary.

The company applies a period of notice of no more than 12 months. In addition, severance pay of a maximum of 12 months' salary may be paid in the event of termination of employment by the company. Upon resignation, a six-month period of notice applies.

The 2021 Annual General Meeting also resolved to establish a long-term incentive programme (LTIP 2021), in accordance with the Board's proposal. LTIP 2021 comprises around 30 employees consisting of the Group Management Team of Mekonomen Group and some other key individuals in the Group. For information on the complete proposal, refer to the minutes of the 2021 Annual General Meeting on the company's website and Note 5 of the 2021 Annual Report.

The LTIP 2020 and 2019 share-based incentive programmes are already in effect.

Read more about remuneration of senior executives in Note 5 in the 2021 Annual Report and in the company's remuneration report on www.mekonomen.com.

9 Sustainability governance

Sustainability is an integral part of the Group's strategy and its operating activities. The strategy is based on our material sustainability areas where topics including the UN's global sustainable development goals and climate-related risks and opportunities have been analyzed. Read more about the strategy on page 12 and the materiality analysis on pages 19 and 99.

The Group has signed the UN Global Compact's principles in the areas of human rights, working conditions, the environment and anti-corruption. The Group's Code of Conduct is the Group's highest governing document in the area of sustainability; it has been approved by the Board and contains several policies. It also serves as the basis for the Group's other policies and rules.

The Group's requirements on suppliers regarding sustainability are clarified in a special supplier code.

The organizational governance for the strategic sustainability work, including targets and follow-up, rests with the Group Management Team, where the Director of Legal Affairs and Sustainability has the overall responsibility. The sustainability work is led and coordinated by the Group's sustainability manager, who reports to the Director of Legal Affairs and Sustainability. The responsibility for the strategic focus on specific sustainability issues in the Group rests with the manager of the respective area. Sustainability risks, including climate-related risks, are managed according to the risk management process. Read more on page 26.

The Board of Directors follows up the sustainability work in the Group Management Team's reporting.

1. The Board may temporarily deviate from these guidelines, in whole or in part, if there are special reasons for doing so in an individual case, and deviation is necessary to satisfy the company's long-term interest, including sustainability, or to ensure its financial viability.

10 Investment Committee

The Investment Committee manages and prepares matters concerning the Group's investments in accordance with the investment policy. An investment means an object that is expected to have a value over a longer period, regardless of the form of financing.

Mekonomen Group has an Investment Committee where the President and CEO decide on investments above a certain limit. Furthermore, there are local investment committees within the Group's business areas where the business area's President decides on investments below the Group's regulated limit. Major investments are approved by the Board of Directors. The monitoring of outcomes in relation to the investment calculation according to the decision basis is followed up after two years in the relevant investment committee.

11 Risk Management and Compliance Committee

The Risk Management and Compliance Committee has the overall responsibility for ensuring, through guidance and control, an overview of the Group's risks and reporting significant changes in the risk picture, including compliance with regulations. All Group Management Team members and the Group's Head of Risk (Head of Risk, Internal Control and Internal Audit) are on the committee. The President and CEO is the Chairman and bears utmost responsibility for risk management. The committee held nine meetings in 2021.

The Group have an ERM policy ((Enterprise Risk Management), which clarifies the requirements on a more formalized and thorough work throughout the entire Group. Read more in the risk management section on page [26]. The Group's risk management function is a second-line function under the Group Management Team, with reporting responsibility to the Board and the Audit Committee.

12 Internal control of financial reporting

The Board is responsible for Mekonomen Group's internal control, the overall purpose of which is to protect the owners' investment and the company's assets. The Audit Committee has special responsibility to monitor the effectiveness of risk management and internal control regarding financial reporting. The figure below shows how the Group works with internal control and shows that it is recurring work that is continuously changing and can be improved. In the Group, a second-line function is established with responsibility for developing and following up the Group's internal control work, with reporting responsibility to the Board and the Audit Committee.

Internal control for financial reporting is included as a part of the overall internal governance and control and constitutes a central part of the Group's corporate governance. According to generally accepted frameworks established for this purpose, including COSO, internal control is usually described from five different aspects described below.

Control environment

The control environment constitutes the basis for internal governance and control. An important part of the control environment is that decision paths, authorities and responsibilities, as well as competence requirements must be clearly defined and communicated between various levels in the organization and that the control documents are available in the form of internal policies, handbooks, guidelines and manuals, are adapted to operational changes and are updated regularly.

Within Mekonomen Group, guidelines regarding the financial process are updated annually. This is done through Mekonomen Group's financial handbook, where relevant policies, processes and accounting principles are gathered. The financial handbook is made available in each business area. Updates are also discussed in connection with regular CFO meetings in which representatives from all parts of the Group participate.

Furthermore, in 2021, an overall corporate governance document was implemented that shall provide mainly newly employed managers, but also existing managers a collective overview of the requirements placed on a manager. This document clarifies organization and decision pathways, goals, values and overall strategies, formal governance tools and all Group policies other than those stated in the financial handbook.

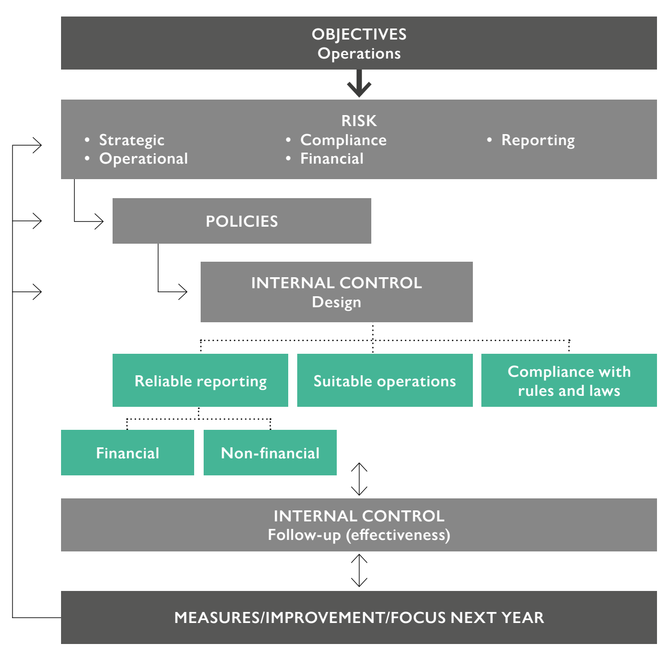
Risk assessment

Risk assessment and risk management mean that the management is aware of and has itself assessed risks and threats in the business. The Group regularly conducts a survey of the Group's risks. Among the identified risks, there is a number of items in the financial statements and administrative flows and processes where there is an elevated risk of error.

The company works continuously to reduce these risks by strengthening controls.

Control activities

Control activities are the measures and procedures that the management has structured to keep errors from arising and to discover and resolve errors. Risks of errors in the financial reporting are reduced through a high level of internal control over the financial



The illustration shows how different components (grey boxes) interact within internal governance and control.

reporting, with specific focus on significant areas defined by management and the Board. Within the Group, there are specific control activities that are intended to ensure the timely discovery or prevention of the risks of errors in the reporting.

During the year, work to strengthen the Group's internal control framework continued, where the framework for inventory management at central warehouses has been fully implemented. The framework for inventory management at local warehouses has been rolled out within the business areas to be fully implemented during 2022.

In addition, the work on a framework for IT general controls (ITGC) continued during the year, where implementation will be completed in 2022.

Information and communications

In order for individual task to be able to be done in a satisfactory manner, the staff must have access to relevant and current information. Policies and guidelines, including Code of Conduct, financial handbook, corporate governance document and communication policy, are particularly important for accurate accounting, reporting and dissemination of external information. Policies are reviewed annually or in the event of a significant change.

Policies, guidelines and other information are communicated to employees via intranet platforms and regularly at meeting forums and newsletters.

Follow-up and evaluation

The final component in the framework pertains to follow-up of the structure and effectiveness of internal governance and control. In addition to what is described above in section 12, under the heading "Internal control of financial reporting" on page 51, the Board evaluates the information submitted by the Group Management Team and auditors. In conjunction with this, the Audit Committee was responsible for the preparation of the Board's work to quality assure the Group's financial reporting. The President and CEO and most of the Group management have quarterly reviews with the Managing Director and CFO in each business area regarding the quarter's results. Group finance function also cooperates closely with the Group company finance managers and controllers of Group companies on matters pertaining to accounting and reporting. The follow-up and feedback concerning possible deviations arising in the internal controls are a key part of the internal control work, since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened.

During the year, all business areas implemented a tool where the effectiveness of each internal control is self-evaluated every quarter. Additional framework will gradually be brought in for evaluation.

13 External auditor

The auditors are appointed at the Annual General Meeting and are charged with reviewing the company's financial reporting and the Board's and the President and CEO's management of the company. At the 2021 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-elected as the auditing firm until the 2022 Annual General Meeting. The Auditor-in-Charge is Authorized Public Accountant Linda Corneliusson. PwC has a broad organization comprising specialized competency that is well-suited to Mekonomen Group's operations and has been the company's auditing firm since 2014.

Fees to auditors, SEK M

	2021	2020
PwC		
Fees for audit assignments	11	11
Audit-related services other than the audit assignment	2	1
Tax consultancy	0	0
Other services	0	0
Total PwC	**13**	**12**
Other auditing firms		
Fees for audit assignments	0	0
Audit-related services other than the audit assignment	0	0
Tax consultancy	0	–
Other services	0	–
Total other	**0**	**0**
Total fees to auditors	**14**	**13**

PwC submits an auditor's report for Mekonomen AB (publ.) and for the company's subsidiaries, excluding a few smaller subsidiaries. The auditors also perform a review of the third-quarter interim report and a review of the audit report for 2021. The audit is conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The audit of annual report documents for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable rules in each country.

More information is available on mekonomen.com

- Articles of Association
- Code of Conduct
- Information from previous General Meetings, from 2006
- Information about the Nomination Committee
- Information about principles of remuneration of senior executives
- The Board's evaluation of guidelines for remuneration of programmes for variable remuneration
- Corporate Governance Reports from 2012
- Information about the 2021 Annual General Meeting

FINANCIAL STATEMENTS

Consolidated income statement

SEK M	Note	2021	2020
Net sales	3	12,309	11,511
Other operating revenue		243	253
Total revenue		**12,552**	**11,763**
Operating expenses			
Goods for resale	18	–6,709	–6,318
Other external costs	4	–1,490	–1,403
Personnel costs	5	–2,653	–2,469
Operating profit before depreciation/amortization and impairment of tangible and intangible fixed assets and right-of-use assets (EBITDA)		**1,699**	**1,574**
Depreciation/amortization and impairment of tangible fixed assets and right-of-use assets	6	–582	–606
Operating profit before amortization and impairment of intangible fixed assets (EBITA)		**1,117**	**968**
Amortization and impairment of intangible fixed assets	6	–223	–230
Operating profit (EBIT)	9	**894**	**738**
Financial income and expenses			
Interest income		9	10
Interest expenses		–115	–133
Other financial items	9	–29	–19
Profit after financial items		**759**	**596**
Tax on profit for the year	10	–172	–150
Profit for the year		**587**	**446**
Profit for the year attributable to:			
Parent Company's shareholders		572	432
Non-controlling interests		14	15
Total profit for the year		**587**	**446**
Earnings per share attributable to Parent Company's shareholders			
Earnings per share, SEK[1)]		10.21	7.67
Average number of shares, pcs[1)]		56,049,728	56,323,372

1. No dilution is applicable. For further information on data per share, refer to pages 30–31.

Consolidated statement of comprehensive income

SEK M	Note	2021	2020
Profit for the year		**587**	**446**
Other comprehensive income:			
Components that will not be reclassified to profit for the year:			
– Actuarial gains and losses		–3	5
Components that may later be reclassified to profit for the year:			
– Exchange-rate differences on translation of foreign subsidiaries, net after tax[3)]		154	–291
– Hedging of net investment, net after tax[1)3)]		–60	108
– Cash flow hedges, net after tax[2)3)]		9	–4
Total other comprehensive income, net after tax[3)]		**100**	**–182**
Comprehensive income for the year		**687**	**265**
Comprehensive income for the year attributable to			
Parent Company's shareholders		669	253
Non-controlling interests		18	12
Comprehensive income for the year		**687**	**265**

1. Loans raised in EUR in connection with an acquisition 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 the net investment in Norway. The currency translation of these loans is presented in accordance with IFRS 9.
2. Holding of financial interest rate derivatives for hedging purposes, valued according to level 2 defined in IFRS 13.
3. For information about tax recognized directly against items in other comprehensive income, refer to Note 16 and Note 28.

Consolidated balance sheet

SEK M	Note	31 Dec. 2021	31 Dec. 2020
Assets			
Fixed assets			
Intangible fixed assets	12		
Goodwill		3,761	3,679
Brands		853	840
Franchise contracts		0	1
Customer relations		596	744
Capitalized expenditure for IT systems		184	146
Total intangible fixed assets		**5,394**	**5,410**
Tangible fixed assets			
Land and buildings	14	42	45
Improvement costs, third-party property	13	19	23
Equipment and transport	14	376	381
Total tangible fixed assets		**436**	**448**
Right-of-use assets	15	**1,651**	**1,606**
Financial fixed assets			
Investments accounted for using the equity method		26	31
Other financial fixed assets	11, 17	68	67
Total financial fixed assets		**94**	**98**
Deferred tax assets	16	3	1
Total fixed assets		**7,578**	**7,563**
Current assets			
Goods for resale	18	3,021	2,704
Current receivables	11, 19, 20	1,738	1,506
Cash and cash equivalents	11, 21	892	420
Total current assets		**5,651**	**4,630**
Total assets		**13,229**	**12,193**
Shareholders' equity and liabilities			
Shareholders' equity	28		
Share capital		141	141
Other capital contributions		2,993	2,993
Reserves		–317	–416
Profit brought forward including profit for the year		2,356	1,809
Total shareholders' equity attributable to Parent Company's shareholders		**5,174**	**4,527**
Non-controlling interests		55	68
Total shareholders' equity		**5,229**	**4,595**
Long-term liabilities			
Borrowing	11, 22	2,995	2,740
Lease liabilities	15	1,181	1,168
Other long-term liabilities		20	0
Deferred tax liabilities	16	357	388
Provisions	23	25	19
Total long-term liabilities		**4,579**	**4,315**
Current liabilities			
Borrowing	11, 22	197	384
Lease liabilities	15	467	432
Tax liabilities		115	107
Other current liabilities	11, 24, 25	2,615	2,331
Provisions	23	27	30
Total current liabilities		**3,421**	**3,283**
Total shareholders' equity and liabilities		**13,229**	**12,193**

Consolidated statement of changes in equity

SEK M	Share capital	Other capital contributions	Reserves	Profit brought forward	Total attributable to Parent Company shareholders	Minority share	Total equity
Opening balance on 1 January 2020	**141**	**2,993**	**–232**	**1,401**	**4,303**	**32**	**4,335**
Profit for the year				432	432	15	446
Other comprehensive income:			–184	5	–179	–3	–182
Comprehensive income for the year	**–**	**–**	**–184**	**437**	**253**	**12**	**265**
Transactions with shareholders							
Share swap				–18	–18		–18
Share-savings programme				2	2		2
Dividends				–	–	–4	–4
Shareholders' contribution from minority					–	2	2
Acquisition/divestment of non-controlling interests				–11	–11	24	13
Total transactions with shareholders	**–**	**–**	**–**	**–29**	**–29**	**24**	**–5**
Closing balance on 31 December 2020	**141**	**2,993**	**–416**	**1,809**	**4,527**	**68**	**4,595**
Opening balance on 1 January 2021	**141**	**2,993**	**–416**	**1,809**	**4,527**	**68**	**4,595**
Profit for the year				572	572	14	587
Other comprehensive income:			99	–3	96	4	100
Comprehensive income for the year	**–**	**–**	**99**	**569**	**669**	**18**	**687**
Transactions with shareholders							
Share swap				–20	–20		–20
Share-savings programme				7	7		7
Dividends				–	–	–19	–19
Acquisition/divestment of non-controlling interests				–9	–9	–12	–20
Total transactions with shareholders	**–**	**–**	**–**	**–24**	**–24**	**–31**	**–53**
Closing balance on 31 December 2021	**141**	**2,993**	**–317**	**2,356**	**5,174**	**55**	**5,229**

1. For information about tax recognized directly against equity, refer to Note 16 and Note 28.

Consolidated cash-flow statement

SEK M	Note	2021	2020
Operating activities			
Profit after financial items		759	596
Adjustments for items not affecting liquidity	30	859	898
		1,617	**1,494**
Tax paid		–192	–170
Cash flow from operating activities before changes in working capital		**1,425**	**1,324**
Cash flow from changes in working capital			
Decrease (+) / increase (-) in inventories		–236	2
Decrease (+) / increase (-) in receivables		–201	15
Decrease (-) / increase (+) in liabilities		239	284
Increase (-) / decrease (+) in working capital		**–198**	**301**
Cash flow from operating activities		**1,227**	**1,625**
Investments			
Acquisition of subsidiaries and operations	31	–33	–37
Divestment of subsidiaries and operations		2	1
Acquisition of tangible fixed assets	13, 14	–96	–103
Divestment of tangible fixed assets		1	8
Acquisition of intangible fixed assets	12	–78	–49
Increase (-) / Decrease (+) of long-term receivables		3	–6
Cash flow from investing activities		**–201**	**–186**
Financing activities	30		
Acquisition of non-controlling interests	31	–27	–11
Divestment of non-controlling interests	31	0	–
Received shareholders' contributions from minority		–	2
Payment share swap	28	–18	–
Change in overdraft facilities		–68	–339
Loans raised		1,237	42
Amortization of loans		–1,674	–1,029
Dividends paid		–19	–4
Cash flow from financing activities		**–569**	**–1,339**
Cash flow for the year		**457**	**100**
Cash and cash equivalents at the beginning of the year		**420**	**355**
Exchange-rate differences in cash and cash equivalents		15	–35
Cash and cash equivalents at year-end	21	**892**	**420**

Interest received amounted to SEK 9 M (10) and interest paid amounted to SEK 95 M (113).

Income statement for the Parent Company

SEK M	Note	2021	2020
Net sales	3, 32	47	43
Other operating revenue		31	37
Total revenue		**78**	**80**
Operating expenses			
Goods for resale		–1	–1
Other external costs	4	–71	–73
Personnel costs	5	–47	–37
Depreciation/amortization of tangible and intangible fixed assets	6	0	0
EBIT		**–41**	**–31**
Financial income and expenses			
Result from participations in Group companies	7	530	474
Interest income		43	49
Interest expenses		–73	–91
Other financial items	9	–102	77
Profit after financial items		**357**	**478**
Appropriations	8	250	59
Profit before tax		**607**	**537**
Tax on profit for the year	10	–17	–15
Profit for the year		**590**	**522**

Statement of comprehensive income for the Parent Company

SEK M	Note	2021	2020
Profit for the year		**590**	**522**
Other comprehensive income, net after tax		–	–
Comprehensive income for the year		**590**	**522**

Balance sheet for the Parent Company

SEK M	Note	31 Dec. 2021	31 Dec. 2020
Assets			
Fixed assets			
Tangible fixed assets			
Equipment and transport		0	0
Total tangible fixed assets		**0**	**0**
Financial fixed assets			
Participations in Group companies	27	7,946	7,945
Receivables from Group companies		1,245	1,191
Deferred tax assets	16	19	13
Total financial fixed assets		**9,210**	**9,149**
Total fixed assets		**9,210**	**9,149**
Current assets			
Current receivables			
Accounts receivable		4	4
Receivables from Group companies		252	67
Other receivables		8	72
Prepaid expenses and accrued income	20	1	2
Total current receivables		**265**	**146**
Cash and cash equivalents	21	425	246
Total current assets		**690**	**392**
Total assets		**9,900**	**9,541**
Shareholders' equity and liabilities			
Shareholders' equity	28		
Restricted shareholders' equity			
Share capital		141	141
Statutory reserve		3	3
Total restricted shareholders' equity		**144**	**144**
Non-restricted shareholders' equity			
Profit brought forward		5,513	5,004
Profit for the year		590	522
Total non-restricted shareholders' equity		**6,103**	**5,526**
Total shareholders' equity		**6,248**	**5,670**
Untaxed reserves		**214**	**238**
Provisions	23	**4**	**3**
Long-term liabilities			
Borrowing	22	2,991	2,724
Total long-term liabilities		**2,991**	**2,724**
Current liabilities			
Overdraft facilities	22	–	68
Other liabilities to credit institutions	22	197	316
Accounts payable		4	3
Liabilities to Group companies		221	500
Other liabilities		1	1
Accrued expenses and deferred income	25	21	19
Total current liabilities		**443**	**906**
Total shareholders' equity and liabilities		**9,900**	**9,541**

Statement of changes in shareholders' equity for the Parent Company

	Restricted shareholders' equity		Non-restricted shareholders' equity		
SEK M	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	Total share-holders' equity
Opening balance on 1 January 2020	**141**	**3**	**–**	**5,020**	**5,164**
Profit for the year				522	522
Other comprehensive income				–	–
Comprehensive income for the year				**522**	**522**
Transactions with shareholders					
Share swap				–18	–18
Share-savings programme				2	2
Total transactions with shareholders	**–**	**–**	**–**	**–16**	**–16**
Closing balance on 31 December 2020	**141**	**3**	**–**	**5,526**	**5,670**
Opening balance on 1 January 2021	**141**	**3**	**–**	**5,526**	**5,670**
Profit for the year				590	590
Other comprehensive income				–	–
Comprehensive income for the year				**590**	**590**
Transactions with shareholders					
Share swap				–20	–20
Share-savings programme				7	7
Total transactions with shareholders	**–**	**–**	**–**	**–13**	**–13**
Closing balance on 31 December 2021	**141**	**3**	**–**	**6,103**	**6,248**

The number of shares as at December 31, 2021 amounted to 56.416.622 (56.416.622) with a quotient value of SEK 2.50 (2.50) per share.

Cash-flow statement for the Parent Company

SEK M	Note	2021	2020
Operating activities			
Profit after financial items		357	478
Adjustments for items not affecting liquidity	30	85	–81
		442	**397**
Tax paid		–17	–27
Cash flow from operating activities before changes in working capital		**425**	**370**
Cash flow from changes in working capital			
Decrease (+) / increase (–) in receivables		61	251
Decrease (–) / increase (+) of liabilities		–237	358
Increase (–) / decrease (+) in working capital		**–176**	**610**
Cash flow from operating activities		**249**	**980**
Investments			
Capital contributions paid	27	–1	–82
Increase (–) / decrease (+) of long-term receivables		–40	–48
Cash flow from investing activities		**–41**	**–130**
Financing activities			
Payment of share-swap	28	–18	–
Change in overdraft facilities		–68	–339
Loans raised		1,237	41
Amortization of loans		–1,180	–541
Cash flow from financing activities		**–29**	**–839**
Cash flow for the year		**179**	**11**
Cash and cash equivalents at the beginning of the year		**246**	**235**
Cash and cash equivalents at year-end	21	**425**	**246**

Profit after financial items includes dividends received from subsidiaries of SEK 530 M (474).
Interest received amounted to SEK 43 M (42) and interest paid amounted to SEK 73 M (91).

NOTES

NOTE 1 ACCOUNTING POLICIES

Accounting and measurement policies

The most important accounting policies that were applied to the preparation of these consolidated financial statements are stated below. These policies were consistently applied for all years presented, unless otherwise stated.

The consolidated financial statements were prepared in accordance with the Annual Accounts Act, International Financial Reporting Standards (IFRS) as approved by the EU and interpretations issued by the IFRS Interpretations Committee that apply for financial years beginning on 1 January 2021. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Regulations for Groups was applied.

The functional currency of the Parent Company is Swedish kronor (SEK), which is also the Group's presentation currency. All amounts are stated in SEK M, unless otherwise stated.

The items in the Annual Report are measured at cost, with the exception of certain financial instruments, which are measured at fair value.

The Parent Company's financial statements were prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for legal entities.

Preparing financial statements in accordance with IFRS requires the use of certain key estimates for accounting purposes. Furthermore, management is required to make certain assessments in the application of the consolidated accounting policies. The areas that include a high degree of complicated assessments or areas where assumptions and estimates are of material significance to the consolidated financial statements are stated in Note 2.

Amended and new accounting policies for 2021

None of the new standards and interpretations applied by Mekonomen Group as of 1 January 2021 has had any significant impact on the consolidated financial statements.

Amended accounting policies 2021 and later

A number of new standards and amendments of interpretations and existing standards come into effect for financial years beginning on 1 January 2021. None of these new standards and interpretations is expected to have a significant impact on the consolidated financial statements.

Consolidated financial statements

Subsidiaries

The consolidated financial statements include the Parent Company and all companies (including structured companies) over which the Parent Company has a controlling influence. The Group controls a company when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over a company. Subsidiaries are included in the consolidated financial statements from the point in time at which controlling influence is achieved and excluded from the consolidated financial statements from the point in time at which the controlling influence ceases.

The purchase method was used for recognizing the Group's business combinations. The purchase consideration for the acquisition of a subsidiary is measured at fair value on transferred assets, liabilities arising in the Group from previous owners of the acquired company and the shares issued by the Group. The purchase consideration also includes the fair value of all assets or liabilities resulting from an agreement on contingent consideration. Identifiable acquired assets and assumed liabilities in a business combination are initially measured at fair value on the date of acquisition. For each acquisition - meaning, acquisition by acquisition - the Group decides whether the non-controlling interests in the acquired company are measured at fair value or proportionate to the holding's share of the carrying amount of the acquired company's identifiable net assets. Acquisition-related costs are recognized in profit or loss as they arise.

If the business combination is a step acquisition, the earlier equity shares in the acquired company are re-measured to its fair value on the date of acquisition. Any gains or losses arising are recognized in profit or loss.

Each contingent consideration to be transferred by the Group is measured at fair value on the date of acquisition. The subsequent changes in fair value of contingent consideration are recognized in profit or loss. Contingent consideration classified as shareholders' equity is not re-measured and the subsequent adjustment is recognized in shareholders' equity.

Goodwill is initially measured at the amount by which the total purchase consideration and fair value for the non-controlling interests exceeds the fair value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit or loss.

Where necessary, subsidiaries' accounting is adjusted to comply with the same policies applied by the other Group companies. Transactions between Group companies take place on commercial grounds and thereby at market prices. All internal transactions between Group companies and Group intermediaries are eliminated when preparing the consolidated financial statements.

Transactions with non-controlling interests that will not result in a loss of control are recognized as shareholders' equity transactions – meaning, transactions with shareholders in their roles as owners. In acquisitions from non-controlling interests, the difference between the fair value of purchase consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognized in shareholders' equity. Profits or losses from divestments to non-controlling interests are also recognized in shareholders' equity.

When the Group no longer has controlling influence, each remaining holding is measured at fair value on the date controlling influence ceases. The change in the carrying amount is recognized in profit or loss. The fair value is used as the initial carrying amount and is the basis for continued recognition of the remaining holding in associated companies, joint ventures or financial assets. All amounts pertaining to the divested unit previously recognized in other comprehensive income are recognized as if the Group had directly divested the assets or liabilities in question. This may result in the amount previously recognized in other comprehensive income being reclassified to profit or loss.

Associated companies

Associated companies are all companies over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associated companies are recognized using the equity method.

Mekonomen Group has only three associated companies with a marginal impact on the Group.

Joint arrangements

Under IFRS 11, holdings in a joint arrangement are to be classified as either a joint operation or a joint venture depending on each investor's contractual rights and obligations. Mekonomen Group has only one joint arrangement with a marginal impact on the Group and has determined that it is a joint venture. Joint ventures are recognized in accordance with the equity method.

Translation of transactions in foreign currencies

Transactions in foreign currencies are translated into Swedish Kronor (SEK) based on the exchange rate on the date of the transaction. Monetary items (assets and liabilities) in foreign currencies are translated into SEK according to the exchange rate on the balance-sheet date. Exchange-rate gains and losses that arise in connection with such translations are recognized in profit or loss as Other operating revenue and/or Other operating expenses. Exchange-rate differences that arise in foreign long-term loans and liabilities, and in the translation of bank accounts in currencies other than the accounting currency, are recognized in financial income and expenses. Exchange rate differences on loans that are classified as hedging instruments in a hedge of a net investment in foreign operation are recognized insofar as they constitute an effective hedge in other comprehensive income.

Translation of foreign subsidiaries

When the consolidated financial statements were prepared, the Group's foreign operations' balance sheets were translated from their functional currencies to SEK based on the exchange rates on the balance-sheet date. The income statements and other comprehensive income were translated at the average exchange rate for the period. Translation differences that arose were recognized in other comprehensive income against the translation reserve in shareholders' equity.

If the Group has classified borrowing and cross-currency swaps as hedging instruments in a hedge of net investment in foreign operations, these exchange rate differences are also recognized in other comprehensive income and accumulated in the translation reserve. The accumulated translation differences were transferred and recognized as part of capital gains or capital losses in cases where foreign operations were divested. Goodwill and adjustments to fair values attributable to acquisitions

NOTE 1 ACCOUNTING POLICIES, CONT.

of operations using functional currencies other than SEK are treated as assets and liabilities in the acquired operations' currencies and translated at the exchange rates on the balance-sheet date.

Segment reporting

Operating segments are reported to correspond with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for the allocation of resources and assessing the earnings of the operating segments. In the Group, this function has been identified as the company's President and CEO.

Revenue recognition

Revenue from external customers derives primarily from the sale of goods, representing approximately 96 per cent (96) of net sales. The remaining net sales derive from workshop services, as well as annual and license fees to affiliated branches and workshops. Some agreements include several different services, such as sales of goods and workshop services. The goods and workshop services are recognized as separate performance commitments. If the agreements contain several performance commitments, the transaction price is distributed to each separate performance commitment based on their standalone selling prices.

Sale of goods

Mekonomen Group's business model comprises the entire chain from purchasing and warehousing of spare parts and accessories to the sale of our affiliated workshops and to other B2B customers, partner branches and car owners; also see Note 3 for the distribution of revenue.

The sale of goods is recognized as revenue when control of the goods is transferred, which normally occurs when the goods are delivered to the customer. Sales are recognized net after deduction of discounts, returns and value-added tax.

No financing component is deemed to exist at the time of sale as the credit period normally does not exceed 30 days.

A receivable is recognized when the goods have been delivered as this is the time the compensation becomes unconditional (i.e., only the passing of time is required for payment to be made).

The terms of sale usually include a right to return goods ordered incorrectly by the customer. Therefore, a repayment liability (which is included in the item current provisions) and an asset for the right to receive back the product from the customer (included in goods for resale) are recognized for goods the Group expects to receive in return. Historical data is used to assess the size of the returns at the portfolio level at the time of sale (method that uses the anticipated value). As the scope of the returns have been stable in recent years, it is very probable that a material reversal of the recognized revenues will not occur. The validity of the assumption and the estimated amount of returns are revalued at each balance sheet date.

The right of regress for product sales usually exists towards the supplier, whereby the Group's costs for warranty commitments normally only constitute small amounts for the Group. Where applicable, the Group's commitments for warranties are recognized as a provision; see Note 23.

Revenue – other

Revenue from the sale of workshop services is recognized in the period in which the service took place. Revenue is recognized based on the degree of completion on the balance-sheet date (percentage of completion).

Revenue from licensing agreements is allocated over the term of the agreement.

Other operating revenue mainly comprises of rental income, marketing subsidies and exchange-rate gains.

Interest income is recognized over the term by applying the effective interest method.

Remuneration of employees

The Group has both defined-contribution and defined-benefit pension plans. A defined-benefit pension plan is a pension plan whereby the Group guarantees an amount, which the employee receives as pension benefits upon retirement, normally based on several different factors, for example, salary and period of service. A defined-contribution pension plan is a pension plan in which the Group, after having paid its pension premium to a separate legal entity, has fulfilled its commitments towards the employee.

Defined-contribution plans are recognized as an expense in the period to which the premiums paid are attributable.

Pension expenses for defined-benefit plans are calculated using the Projected Unit Credit Method whereby expenses are distributed over the employee's period of employment. These commitments, meaning the liabilities that are recognized, are measured at the present value of expected future payments, taking estimated future salary increases into account, applying a discount rate corresponding to the interest on first-class corporate bonds issued in the same currency as the pension is to be paid in, with a remaining duration that is comparable to the current commitment and with deductions for the fair value of plan assets. In countries where there are no functioning markets for corporate bonds, a discount rate corresponding to the interest rate on mortgage bonds is used. Consequently, a discount rate established by referring to the interest rate on mortgage bonds is used for the Group's defined-benefit pension plans in Norway. The most important actuarial assumptions are stated in Note 23. If a net asset arises, it is to be recognized only to the extent that it represents future financial benefits, for example, in the form of repayments or reduced future premiums.

One of the Group's defined-benefit pension plans comprises a so-called multi-employer defined-benefit pension plan (ITP plan in Alecta). In accordance with Mekonomen Group's accounting policies, a multi-employer defined-benefit plan is recognized based on the rules of the plans and recognizes its proportional share of the defined-benefit pension obligations and of plan assets and expenses related to the plan in the same manner as for any other similar defined-benefit pension plan. However, Alecta has not been able to present sufficient information to facilitate reporting as a defined-benefit plan, which is why the ITP plan is recognized as a defined-contribution plan in accordance with IAS 19.34.

In addition to the defined-benefit pension plans via Alecta described above, the Group has defined-benefit pension plans for employees in Norway.
Actuarial gains and losses on the defined-benefit pension plans for employees in Norway are recognized in their entirety over comprehensive income in the period in which they arise.

Remuneration in connection with termination of employment can be paid when an employee has been served notice of termination prior to the expiration of the normal date of retirement or when an employee accepts voluntary retirement. The Group recognizes liabilities and expenses in connection with a termination of employment, when Mekonomen Group is unquestionably obligated to either terminate employment prior to the normal termination date or to voluntarily pay remuneration to encourage early retirement.

Mekonomen Group recognizes a liability and an expense for bonuses when there are legal or informal obligations, based on earlier practice, to pay bonuses to employees.

Share-based incentive programmes

Mekonomen Group has share-based remuneration plans in the form of share-savings programmes.

For the programme, the cost is recognized based on the fair value per share award at the allocation date, calculated by independent third parties, and the expected number of shares that will be vested. These remunerations are recognized as personnel costs during the vesting period with a corresponding increase of equity. Insofar as the vesting conditions in the programme are linked to market conditions (TSR) and continued ownership of the investment shares, they are taken into account in the determination of the fair value of the share awards. Performance conditions (equity/assets ratio and EPS in LTIP 2019 and a reduction of net debt/EBITDA excluding IFRS 16 and growth of adjusted EBIT in LTIP 2020 and LTIP 2021) and service terms (continued employment) affect the personnel expense during the vesting period through a change in the number of shares that are ultimately expected to be issued at the end of the programme. At the end of each reporting period, the Group reviews its assessments of how many shares are expected to be vested based on the performance terms and service terms.

When allocation of shares takes place, social security contributions must be recognized in certain countries for the value of the employee's benefit. The Group continuously recognizes a liability for social security contributions for this remuneration. The liability is continuously revalued and based on the share-based remuneration's fair value on the balance sheet date period-allocated over the vesting period.

Government grants

The government support received is recognized in the income statement and balance sheet at fair value when there is reasonable certainty that conditions for receiving the assistance are or will be met. Government grants are reported in the income statement as a reduction of personnel expenses and are allocated over the same periods as the expenses the grants are intended to cover.

Tax

The Group's total tax expense comprises current tax and deferred tax. Current tax is tax that is to be paid or received pertaining to the current year and adjustments of prior years' current tax. Deferred tax is calculated based on the difference between the carrying amounts and the values for tax purposes of company assets and liabilities. Deferred tax is recognized according to the balance-sheet method. Deferred

NOTE 1 ACCOUNTING POLICIES, CONT.

tax liabilities are recognized in principle on all taxable temporary differences, while deferred tax assets are recognized to the extent that is probable that the amount can be utilized against future taxable surplus.

The carrying amount on deferred tax assets is assessed at each accounting year-end and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to be utilized either in its entirety or partially against the deferred tax asset.

Deferred tax is calculated based on the tax rates that are expected to apply for the period when the asset is recovered or the debt settled. Deferred tax is recognized as revenue or expenses in profit or loss, except in cases when it pertains to transactions or events that are recognized against other comprehensive income or directly against shareholders' equity. The deferred tax is then also recognized against other comprehensive income or directly against shareholders' equity. Deferred tax assets and tax liabilities are offset when they are attributable to income tax that is charged by the same authority and when the Group intends to pay the tax with a net amount.

Goodwill

Goodwill is initially measured at the amount by which the total purchase consideration and fair value for the non-controlling interests exceeds the fair value of identifiable acquired assets and assumed liabilities. If the purchase consideration is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit or loss. Goodwill has an indefinite useful life and is recognized at cost less any accumulated impairment. In the divestment of an operation, the portion of goodwill attributable to this operation is recognized in the calculation of gain or loss on the divestment.

Other intangible assets

Expenditure for the development and implementation of IT systems can be capitalized if it is probable that future financial benefits will accrue to the company and the cost for the asset can be calculated in a reliable manner.

Brands, customer relations and franchise contracts acquired through business combinations are measured at fair value on the date of acquisition.

Acquired brands attributable to the acquisitions of Sørensen og Balchen, MECA, FTZ and Inter-Team have been deemed to have an indefinite useful life and are recognized at cost less any accumulated impairment losses. Customer relations, other brands, franchise contracts and strategic IT investments have definite useful lives and are recognized at cost less accumulated amortization. Amortization is applied according to the straight-line method over the assets' estimated useful life. Customer relations, other brands and franchise contracts are deemed to have a useful life of five to ten years.

IT investments are deemed to have a useful life of three to ten years from the start of operation.

Tangible fixed assets

Tangible fixed assets are recognized as assets in the balance sheet if it is probable that future financial benefits will be accrued to the company and the cost of the asset can be calculated in a reliable manner. Tangible fixed assets, primarily comprising land and buildings, equipment, computers, transport and construction in progress, are recognized at cost less accumulated depreciation and any impairment. When the difference in the consumption of significant components of a tangible fixed asset is deemed to be material, the asset is divided up into these components. Depreciation of tangible fixed assets is recognized as an expense so that the asset's value is depreciated according to the straight-line method over its estimated useful life. Land is not depreciable.

The following percentages were applied for depreciation:

Fixed assets	%
Buildings	2.5–10
Improvement costs, third-party property[1)]	10
Equipment	10–20
Vehicles	20
Servers	20
Workplace computers	33

1. Depreciation takes place over the shorter period corresponding to 10 per cent per year and the remaining duration of the contract.

The residual value of assets and useful life are tested at the end of each reporting period and adjusted when necessary.

An asset's carrying amount is immediately depreciated to its recoverable amount if the asset's carrying amount exceeds its assessed recoverable amount.

Gains and losses from divestments are determined by comparing the proceeds and the carrying amount and recognized net in profit or loss.

Right-of-use assets / Leasing

Mekonomen Group applies IFRS 16 Leases. According to IFRS 16, the lessee does not differentiate between operating and finance leases and essentially recognizes all leases as a right-of-use asset and a lease liability in the balance sheet. Leases are recognized in the balance sheet, the date the leased asset is available for use by the Group. Amortization of the asset is recognized in operating profit and interest on the lease liability in net financial items. The lease charge is recognized partly as payment of interest, partly as repayment of the lease liability. Cash flows for the repayment of the lease liability are included in financing activities. Payment for the interest component is presented as other interest payments in operating activities.

The Group's leases essentially all relate to premises and vehicles. Leases are normally signed for fixed periods between three to five years, but the possibility of extension may exist; this is described below. The conditions are negotiated separately for each lease and contain a large number of different contractual terms. The leased assets may not be used as collateral for loans.

The exemption rule for the definition of a lease was applied, which means that all components of an agreement have been considered to be leasing component.

The lease liability is the sum of the present value of all future lease charges and the right-of-use asset corresponds to the lease liability adjusted for prepaid and accrued lease charges. The calculation of the present value is based on a marginal loan interest rate set based on country, duration and credit rating for the respective unit.

The lease liabilities include the present value of the following lease payments:

- fixed fees (including substantially fixed fees), less any benefits in connection with the signing of the lease that are to be obtained, variable lease charges that depend on an index or a price, initially valued using an index or price at the initial date
- amounts expected to be paid out by the lessee according to residual value guarantees
- the exercise price for an option to buy if the Group is reasonably certain to exercise such an opportunity
- penalties that are payable upon termination of the lease, if the leasing period reflects that the Group will use an opportunity to terminate the lease.

Possibilities to extend a lease are included only in the lease's length if it is reasonable to assume that the lease will be extended (or not concluded). The probability that an extension option for a premises lease will be exercises is assessed based on factors, such as the market situation for the property and its significance to the business activities.

The lease payments are discounted by the implicit interest in the lease. If the interest cannot be easily established, which is usually the case, the marginal loan interest rate is used. The marginal loan interest rate is determined based on country, duration and credit rating for the respective unit.

The Group is exposed to possible future increases in variable leasing payments based on an index or an interest rate that is not included in the lease liability until they become effective. When adjustments of leasing payments based on an index or an interest rate enter into effect, the lease liability is revalued and adjusted against the right-of-use asset.

The assets with right of use are measured at cost and include the following:

- the amount the lease liability originally was valued at
- lease charges paid at or before the start date, less any benefits received in connection with signing of the lease
- initial direct expenses
- expenses for restoring the asset to the condition prescribed in the lease terms.

Right-of-use assets are usually amortized straight-line over the shorter of the asset's useful life and the term of the lease. If the Group is reasonably certain of utilizing a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset. Even if the Group revalues buildings and land, which are recognized as tangible fixed assets, it has chosen to not do so for the Group's right-of-use assets.

Payments for short contracts and leases of minor value are expensed on a straight-line basis in the income statement. Short contracts are agreements with a lease term of 12 months or less. Agreements of minor value include IT equipment and basic office furniture.

In addition, the Group chose to not apply IFRS 16 for intangible assets as this choice exists according to the standard.

Impairment of intangible and tangible fixed assets and right-of-use assets
Assets with an indefinite useful life, for example, goodwill and intangible assets that are not ready for use are not impaired but tested annually for any impairment requirements. The brands that were added through the acquisitions of Sørensen og Balchen, MECA, FTZ and Inter-Team have been deemed to have indefinite useful lives, which is why these are also tested at least annually for any impairment requirements.

Assets impaired are measured in terms of value decline whenever events or changes in conditions indicate that the carrying amount may not be recoverable. If this occurs, a calculation of the asset's recoverable amount is performed.

The recoverable amount comprises the highest of the value in use of the asset in the operation and the value that would be received if the asset was divested to an independent party, net realisable value. The value in use comprises the present value of all in and out payments attributable to the asset during the period it is anticipated to be used in the operation, plus the present value of the net realisable value at the end of the useful life. For assets that do not give rise to separate cash flows, such as right-of-use assets, the value in use is determined instead and, thereby the recoverable amount, in total for the cash-generating unit to which the asset belongs. If the estimated recoverable amount falls below the carrying amount, the asset is impaired to the recoverable amount. The impairment is recognized in profit or loss in the period it is determined.

Also refer to Note 12 for information on how impairment testing is performed for goodwill and other intangible assets with indefinite useful lives.

Previously recognized impairment is reversed only if there has been a change to the assumptions that served as the basis for determining the recoverable amount in connection with the impairment. If this is the case, a reversal will be conducted to increase the carrying amount of the impaired asset to its recoverable amount.
A reversal of an earlier impairment takes place in an amount that does not allow the new carrying amount to exceed what would have been the carrying amount (after impairment) if the impairment had not taken place. Impairment of goodwill is never reversed.

Inventories
Inventories are recognized at the lower of the cost and net realisable value. The cost is established by using the first in/first out principle (FIFO).

A provision for estimated obsolescence in inventories is established when there is an objective basis to assume that the Group will be unable to receive the carrying amount when inventories are sold in the future. The size of the provision amounts to the difference between the asset's carrying amount and the value of expected future cash flows. The reserved amount is recognized in profit or loss. The inventory value was reduced by the value included in the inter-company profit from goods sold from the Group's central warehouse to the company's own branches on the goods that are still in stock. Furthermore, the inventory value was also reduced by the value of the remaining portion of the supplier bonus on goods that are still in stock.

Financial instruments
IFRS 9 contains three parts: classification and measurement, impairment and hedge accounting. All financial instruments in Mekonomen Group, except for derivatives, are classified and measured at amortized cost with application of the effective interest method. The business model for all of Mekonomen's financial assets, except for derivatives, is held-to-maturity and the contractual cash flows are only comprized of principal and interest. Derivatives are classified and measured at fair value through profit or loss.

Impairment of financial assets according to IFRS 9 contains a model for calculating expected credit losses. Mekonomen Group applies the simplified method in the calculation of expected credit losses throughout the lifespan. As grounds for forecasting expected credit losses, historical information and experience of earlier credit losses are used. In addition, current and prospective information is used to reflect current and future conditions.

Financial assets recognized as assets in the balance sheet include loan receivables, accounts receivable and cash and cash equivalents. Liabilities in the balance sheet include long-term and short-term loans and accounts payable. A currency derivative is recognized either as an asset or liability, depending on changes in the exchange rate. A financial asset or financial liability is recognized in the balance sheet when the company becomes party to the contractual conditions.

With the exception of cash and cash equivalents, only an insignificant portion of the financial assets is interest-bearing, which is why interest exposure is not recognized. The maximum credit risk corresponds to the carrying amount of the financial assets. The terms for long-term and short-term loans are stated in separate note disclosures; other financial liabilities are non-interest-bearing. A financial asset, or portion thereof, is eliminated when the rights contained in the contract are realized or mature. A financial liability, or portion thereof, is eliminated as it is regulated when the commitment in the agreement has been fulfilled or has been terminated in another manner.

Calculation of fair value, financial instruments
When establishing the fair value of derivatives, official market listings at year-end are used. If no such information is available, a measurement is conducted applying established methods, such as discounting future cash flows to the quoted market rate for each term. Translation to SEK is based on the quoted exchange rate at year-end.

The fair value of the agreement on conditional supplementary purchase considerations is estimated by the application of the income approach.

Long-term receivables
Long-term receivables comprise primarily deposits and lease-purchase agreements. They have contractual terms that give rise to cash flows that are solely payments of principal and interest and held within the framework of a business model the goal of which is to collect contractual cash flows. They are valued at amortized cost according to the effective interest method. Changes in reserves for credit losses are recognized in operating profit in the income statement.

For information about the change for the year and the loss reserve as per 31 December 2021, refer to Note 17.

Accounts receivable
Accounts receivable are recognized net after provisions for expected bad debts. The expected term of accounts receivable is short, which is why the amount is recognized at nominal value without discounting in accordance with the method for amortized cost. For information on the model for and calculation of expected credit losses, refer to the financial instruments section. Changes in reserves for credit losses are recognized in operating profit in the income statement.

Accounts receivable are written off when there is no reasonable expectation of repayment. For information about the change for the year and the loss reserve as per 31 December 2021, refer to Note 19.

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.

Derivative instruments and hedge accounting
The Group signed derivative instruments aimed at hedging interest payments attributable to loans at floating interest rates (cash-flow hedges). The Group applies hedge accounting to these derivative agreements. The derivatives are measured at fair value in the balance sheet. Value changes are recognized in Other comprehensive income to the extent they are effective and accumulated in the hedge reserve in shareholders' equity until the hedged item impacts earnings. The portion of unrealized value changes that is ineffective is recognized in profit or loss.

If the hedging instrument expires, is sold or the hedge no longer meets the requirements on hedge accounting, the hedge accounting is discontinued. The accumulated value change in the hedge reserve is reclassified to profit or loss when the hedged transaction occurs, i.e., in pace with interest payments. If the hedged transaction is no longer contracted or likely, e.g., if the loan hedged is redeemed early, the accumulated value change in equity is immediately reclassified to the income statement. If the Group has classified borrowing and cross-currency swaps as hedging instruments in a hedge of net investment in foreign operations, these exchange rate differences are also recognized in other comprehensive income and accumulated in the translation reserve. The accumulated translation differences were transferred and recognized as part of capital gains or capital losses in cases where foreign operations were divested.

NOTE 1 ACCOUNTING POLICIES, CONT.

Accounts payable
Accounts payable are recognized at amortized cost according to the effective interest method, which in practice entails a nominal amount without discounting since the term is short.

Loans
Liabilities to credit institutions, bond loans, overdraft facilities and other liabilities (loans) are initially measured at fair value net after transaction costs. Thereafter, loans are recognized at amortized cost. Any transaction costs are distributed over the loan period applying the effective interest method. Long-term liabilities have an estimated term longer than one year while short-term liabilities have a term of less than one year.

Share capital
Ordinary shares are classified as share capital. Transaction costs in connection with a new rights issue are recognized as a deduction, net after tax, from proceeds from the rights issue.

Provisions
Provisions differ from other liabilities since there is uncertainty regarding the date of payment or the amount for settling the provision. Provisions are recognized in the statement of financial position when Mekonomen Group has a legal or informal obligation as a result of an event that has occurred and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amounts can be made. Provisions are recognized in an amount corresponding to the most reliable estimate of the payment required to settle the commitment. When an outflow of resources is expected to be required far later in the future, the expected future cash flow and provision are recognized at present value.

Cash-flow statement
The cash-flow statement was prepared in accordance with the indirect method. The recognized cash flow comprises only transactions that result in inward and outward payments.

Parent Company accounting policies
The Parent Company complies with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. Application of RFR 2 means that, in the annual accounts for a legal entity, the Parent Company is to apply all of the IFRS and statements that have been approved by the EU where this is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and taking into account the link between accounting and taxation. The recommendation specifies the exceptions and additions that are to be made from IFRS. The differences between the Group's and the Parent Company's accounting policies are stated below.

Financial instruments exist to a limited extent and are recognized in the Parent Company based on cost in accordance with the Annual Accounts Act. The Parent Company applies hedge accounting in legal entities for the hedging of interest rate risk. This means that the derivative's fair value is not taken up in the balance sheet insofar as it is an effective hedge. What is continuously recognized in profit or loss is the fixed interest expense that the interest-rate swaps give rise to in each period.

The policies have been applied consistently for all years presented, unless otherwise stipulated.

Amended accounting policies 2021
In January 2021, the Swedish Financial Reporting Board issued a new version of the RFR 2 Accounting for Legal Entities. Implemented amendments to RFR 2 did not have any material impact on the Parent Company's financial statements.

Classification and presentation format
The income statement and balance sheet comply with the presentation format specified in the Annual Accounts Act. This means they are slightly different to the consolidated financial statements, for example, balance-sheet items are more specified and subitems are given different designations in shareholders' equity.

Shares and participations in subsidiaries
Participations in subsidiaries are recognized in the Parent Company according to the cost method. Acquisition-related costs for subsidiaries, expensed in the consolidated financial statements, are included as part of the cost for participations in subsidiaries.

Contingent considerations are measured based on the probability that the purchase consideration will be paid. Any changes in the provision/receivable will be added/deducted from the cost. In the consolidated financial statements, contingent consideration is measured at fair value with changes in value in profit or loss. The carrying amount for participations in subsidiaries is tested pertaining to any impairment requirements when there are indications of impairment needs.

Tax
The amounts reserved as untaxed reserves consist of taxable temporary differences. Due to the link between accounting and taxation, the deferred tax liabilities that are attributable to the untaxed reserves are not recognized separately in a legal entity. The changes in untaxed reserves are recognized in accordance with Swedish practice in profit or loss for individual companies under the heading "Appropriations." The accumulated value of provisions, including deferred tax liabilities, are recognized in the balance sheet under the heading "Untaxed reserves".

Group contributions and shareholders' contributions
Shareholders' contributions paid are recognized as an increase in the value of shares and participations.

An assessment is then conducted as to whether impairment requirements exist for the value of the shares and participations in question.

Group contributions are recognized according to the alternative rule, entailing that all Group contributions, both paid and received, are recognized as appropriations.

Pensions
Defined-benefit and defined-contribution pension plans are recognized in accordance with the current Swedish accounting standard, which is based on the regulations in the Pension Obligations Vesting Act.

Leasing
The Parent Company recognizes all leases insofar as they exist in accordance with RFR2. IFRS 16 Leases is not applied in the Parent Company and lease charges are period-allocated straight-line over the term of the lease. Right-of-use assets and lease liabilities are accordingly not recognized in the Parent Company balance sheet.

Other information
The financial statements are in SEK M, unless otherwise stated . Rounding off may result in some tables not tallying.

NOTE 2 SIGNIFICANT ESTIMATES AND ASSESSMENTS

The preparation of the annual accounts and application of various accounting standards are based to a certain extent on management's assessments or assumptions and estimates that are considered reasonable under the circumstances. These assumptions and estimates are frequently based on historic experience, as well as other factors, including expectations of future events. The results could differ if other assumptions and estimates were used and the actual outcome will, in terms of definition, rarely agree with the estimated outcome. The assumptions and appreciations made by Mekonomen Group in the 2021 annual accounts, and which had the greatest impact on earnings and assets and liabilities, are discussed below.

Goodwill and other acquisition-related intangible fixed assets

When assessing the impairment requirement for goodwill and other intangible assets with an indefinite useful life, the carrying amount is compared with the recoverable amount. The recoverable amount is the highest of an asset's net realisable value and the value in use. Since there are normally no listed prices that may be used to assess the net realisable value of an asset, the value in use will normally be the value that is used to compare with the carrying amount. Calculation of the value in use is based on assumptions and assessments. Key assumptions are the future trends for revenue and margins, including trends for prices and volumes, utilization of operating capital employed, as well as yield requirements, which are used to discount future cash flows. These assumptions are described in more detail in Note 12 Intangible fixed assets.

On the whole, this means that the measurement of goodwill and intangible assets items with an indefinite useful life is subject to significant estimates and assessments.

Company acquisitions

In conjunction with acquisitions, analyzes are prepared in which all identifiable assets and liabilities, including intangible assets, are identified and measured at fair value on the date of acquisition. In accordance with IFRS 3, acquired identifiable intangible assets, for example, customers, franchise contracts, brands and customer relations, are to be separated from goodwill. This applies if these fulfil the criteria as assets, meaning that it is possible to separate them or they are based on contractual or other formal rights, and that their fair values can be established in a reliable manner. An examination is conducted at each acquisition. The remaining surplus value is allocated to goodwill. Measuring identifiable assets and liabilities in acquisition assessments is subject to important estimates and assessments. Information about company acquisitions and acquisition analyzes is found in Note 31.

Reserves for inventories, doubtful receivables, guarantee commitments, product returns and bonuses on supplier purchases

The Group operates in several geographic markets, with sales to consumers and companies and with a wide range to many different customer groups. In order to satisfy customers' needs, a sufficiently large inventory of products must be kept and various types of warranties must be provided that the products function as they should and customers must be offered the right to return products ordered by mistake by the customer. With the type of business conducted in the Group, there is a risk of customer losses and that some of the Group's stocked products cannot be sold at their carrying amounts, and also the risk that the company has guarantee commitments or return claims that extend further than the reserves for these commitments. The right of regress for product sales usually exists towards the supplier, whereby the warranty commitments normally only constitute small amounts for the Group. The Group has established policies for reserves for accounts receivable, obsolescence provisions and provisions for guarantee commitments and product returns. These policies per se are estimates of historic outcome and evaluated continuously to ensure that they correspond to actual outcome in terms of customer losses, obsolescence, guarantee commitments and product returns. For the financial year and the comparison year, no further information on obsolescence and provisions, respectively, is provided for warranty commitments and product returns as materiality does not exist. The Group's purchases of products also entitle to bonuses received from suppliers afterwards, which are calculated and estimated at every account closing date based on agreements and purchase volumes, which has an impact on the value of inventory and cost of goods sold.

Further information about credit loss reserves for accounts receivable is found in Note 19.

Deferred tax

When preparing the financial statements, Mekonomen Group calculates the income tax for each tax jurisdiction in which the Group operates and the deferred taxes attributable to temporary differences. Deferred tax assets that are attributable to loss carry-forwards and temporary differences are recognized if tax assets can be expected to be recovered based on future taxable income. Changes in assumptions regarding forecast future taxable earnings, and changes in tax rates, may result in significant differences in the measurement of deferred taxes. At 31 December 2021, Mekonomen Group recognized deferred tax liabilities in excess of deferred tax assets at a net amount of SEK 354 M (387). Further information about deferred taxes is found in Note 16.

Right-of-use assets and lease liabilities

The Group has a significant number of leases and rental contracts that are covered by IFRS 16, which means that they are recognized in the consolidated balance sheet as a right of use asset and a lease liability. The value of the asset and liability is dependent on several assumptions, such as the interest rate that discounts the liability to present value and an assessment of the likelihood of exercising extension options. Changes in assessments and assumptions may result in significant differences in the Group's value of the right-of-use asset and the lease liability.

The calculation of the present value is based on a marginal loan interest rate set based on country, duration and credit rating for the respective unit. The weighted average marginal borrowing interest rate applied amounts to 2.47 per cent.

The possibility of extending a lease is only included in the lease's length if it is reasonable to assume that the lease will be extended (or not concluded). Rental contracts with an extension option are divided into different categories based on market situation for the property and its significance to the business activities. Based on these categories, the leasing period is assessed. The assessment is reviewed if a material event or a change in circumstances occurs that affects this assessment and the change is within the lessee's control.

Lease liabilities at 31 December 2021 amounted to SEK 1,648 M (1,601). For the maturity structure for undiscounted cash flows, refer to Note 11. Further information about leasing is found in Note 15.

Covid-19

During the year, covid-19 impacted the Group's operations, which was taken into account in the many of the estimates and assessments made. The assessment is that covid-19 has had some effect on demand in different markets and at different levels during the year, depending on spread of infection and society shutdowns. Covid-19 has thereby been taken into account in this year's impairment testing of goodwill as an estimated effect of continued impact by covid-19 in 2022 has been taken into account in the budget included in the impairment testing. In addition, covid-19 has been taken into account in the assessment of reserves regarding accounts receivable and inventories, which is described in the paragraph above, but it has not given rise to any increased reserves as the Group has not to-date seen any increased customer bad debts or greater risks of excess articles in inventory.

NOTE 3 SEGMENT INFORMATION

Operating segments are reported to correspond with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for the allocation of resources and assessing the earnings of the operating segments. In Mekonomen Group, this function has been identified as the company's President and CEO.

Since 2019, Mekonomen Group will be presented with four business areas: FTZ, Inter-Team, MECA/Mekonomen and Sørensen og Balchen.

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

The Inter-Team business area primarily includes wholesaling and shop operations in Poland and export operations.

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

The Sørensen og Balchen business area primarily includes wholesale and shop operations in Norway.

Sørensen og Balchen is the business area in the Group that has the largest share of sales directly to the consumer and is thereby more exposed to retailing than the rest of the Group.

"Central functions" include Group-wide functions also including Mekonomen AB. The external operations of ProMeister Solutions are recognized in MECA/Mekonomen from 2021. Comparative figures have been restated. "Central functions" do not achieve quantitative limits to be reported separately and the benefit is deemed to be limited for the users of the financial statements for them to be reported as segments.

"Other items" include acquisition-related items attributable to Mekonomen AB's direct acquisitions and elimination of intra-Group revenue of SEK 242 M (214). Current acquisition-related items are amortization of acquired intangible assets related to the acquisitions of MECA, FTZ and Inter-Team, as well as Sørensen og Balchen to the end of April 2021 in an amount of SEK 141 M (155).

The CEO assesses the results of the operating segments at an EBIT level. Financial items are not distributed in segments since they are impacted by measures implemented by central finance management. The distribution of assets and liabilities at segment is not reported regularly.

	FTZ		Inter-Team		MECA/ Mekonomen		Sørensen og Balchen		Central functions		Other items		Group	
SEK M	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenue														
External net sales	3,480	3,369	2,091	1,988	5,857	5,363	873	791	7	1			12,309	11,511
Internal revenue	–	–	6	2	83	105	31	32	122	75	–242	–214	–	–
Other revenue	4	7	66	25	126	170	11	10	37	39			243	253
Total revenue	**3,484**	**3,376**	**2,163**	**2,014**	**6,066**	**5,638**	**915**	**833**	**166**	**115**	**–242**	**–214**	**12,552**	**11,763**
Operating profit (EBIT)	**352**	**331**	**102**	**86**	**447**	**352**	**185**	**170**	**–51**	**–46**	**–141**	**–155**	**894**	**738**
Financial items – net													–134	–141
Profit before tax													**759**	**596**
Investments, tangible assets[1]	5	14	18	13	67	68	4	6	0	1			95	103
Investments in intangible fixed assets[1]	33	11	5	5	33	33	0	0	7	0			78	49
Depreciation and impairment (tangible assets)	14	15	11	13	79	94	5	4	0	0			110	126
Amortization of right-of-use assets	83	84	29	32	318	319	43	42	0	4			473	480
Amortization and impairment (intangible assets)[2]	2	3	3	2	76	70	0	0	2	0	141	155	223	230
Average number of employees for the period[3]	1,125	1,126	1,472	1,396	2,219	2,119	274	251	29	19			5,118	4,912
Number of proprietary branches	50	51	83	79	229	229	39	37	–	–			401	396
Number of partner branches	–	–	2	3	49	48	27	28	–	–			78	79
Number of branches in chain	**50**	**51**	**85**	**82**	**278**	**277**	**66**	**65**	**–**	–			**479**	**475**
Key figures														
EBIT margin, %[4]	10	10	5	4	7	6	21	21					7	6
Change in sales, %[4]	3	0	5	–8	9	–4	10	4					7	–3
Revenue per employee, SEK 000s	3,097	2,998	1,470	1,443	2,734	2,660	3,336	3,319					2,452	2,395
Operating profit per employee, SEK 000s	313	294	69	62	201	166	674	677					175	150

1. The operations of ProMeister Solutions are recognized in MECA/Mekonomen from 2021. These operations were previously included in Central functions. Comparative figures have been restated.
2. Investments are exclusive of company and business combinations and exclusive of leases according to IFRS 16.
3. Including amortization and impairment of acquisition-related intangible assets.
4. Change in Group-wide functions entails an adjustment in the number of employees; comparative figures have been restated.
5. Internal sales were excluded from the calculation of the operating margin and the sales increase for the segments.

Sales between segments take place on market-based terms and conditions. Revenue from external customers that is reported to the Group Management Team is measured in the same manner as in the income statement.

Net sales from external customers derived primarily from the sale of goods, representing approximately 96 per cent (96) of net sales. The remaining net sales derived from workshop services, as well as annual and license fees to affiliated branches and workshops.

Net sales derived from the sale of goods from external customers are distributed according to the following customer groups:

Analysis of net sales by customer groups, %	2021	2020
– Affiliated workshops	32%	31%
– Other corporate customers	51%	52%
– Consumers	15%	14%
– Partner branches	2%	3%
Total net sales	**100%**	**100%**

NOTE 3 SEGMENT INFORMATION, CONT.

The company has its registered office in Sweden. The distribution of revenue from external customers in Sweden and other geographic markets is presented in the table below:

	Denmark		Finland		Norway		Poland		Sweden		Other		Total	
Net sales by country	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
FTZ	3,480	3,369	–	–	–	–	–	–	–	–	–	–	3,480	3,369
Inter-Team	–	–	–	–	–	–	2,091	1,988	–	–	–	–	2,091	1,988
MECA/Mekonomen	–	–	111	91	2,182	2,025	–	–	3,564	3,247	–	–	5,857	5,363
Sørensen og Balchen	–	–	–	–	873	791	–	–	–	–	–	–	873	791
Central functions	–	–	–	–	–	–	–	–	–	–	7	1	7	1
Total	**3,480**	**3,369**	**111**	**91**	**3,055**	**2,815**	**2,091**	**1,988**	**3,564**	**3,247**	**7**	**1**	**12,309**	**11,511**

The Group has no individual customers that account for 10 per cent or more of the Group's revenue.

All fixed assets, other than financial instruments and deferred tax assets (there are no assets in connection with benefits after terminated employment or rights according to insurance agreements), located in Sweden amounted to SEK 3,051 M (3,116) and the total of such fixed assets located in other countries amounted to SEK 4,430 M (4,348), of which SEK 3,022 M (3,011) in Denmark and SEK 1,167 M (1,120) in Norway.

NOTE 4 AUDITING EXPENSES

	Group		Parent Company	
	2021	2020	2021	2020
PwC				
Audit assignment	11	11	2	1
Audit-related services other than the audit assignment	2	1	–	–
Tax consultancy	0	0	–	–
Other services	0	0	–	–
Total PwC[1)]	**13**	**12**	**2**	**1**
Other auditors				
Audit assignment	0	0	–	–
Audit-related services other than the audit assignment	0	0	–	–
Tax consultancy	0	0	–	–
Other services	0	0	–	–
Total other	**0**	**0**	**–**	**–**
Total fees to auditors	**14**	**13**	**2**	**1**

1. Of the total fee to PwC for the Group of SEK 13 M (12), SEK 7 M (7) relates to fees for the audit assignment and SEK 0 M (0) relates to fees for other services in addition to the audit assignment invoiced by PwC Sweden. Of the total fee to PwC for the Parent Company of SEK 2 M (1), SEK 2 M (1) relates to fees invoiced by PwC Sweden.

NOTE 5 AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

	2021		2020	
Average number of employees	No. of employees	Of whom, men %	No. of employees	Of whom, men %
Parent Company				
Sweden	6	50	6	50
Total in Parent Company	**6**	**50**	**6**	**50**
Subsidiaries				
Sweden	1,473	81	1,414	82
Denmark	1,125	88	1,126	88
Norway	1,014	84	941	84
Poland	1,472	81	1,396	83
Other countries	29	86	30	87
Total in subsidiaries	**5,112**	**83**	**4,906**	**84**
Group total	**5,118**	**87**	**4,912**	**84**

Salaries, remuneration, etc. SEK 000S	Salaries and other remuneration	Soc. security expenses (of which pension costs)	Salaries and other remuneration	Soc. security expenses (of which pension costs)
Parent Company	29,862	16,247 (5,648)	23,474	12,616 (4,480)
Subsidiaries	2,063,613	490,658 (177,826)	1,935,260	457,093 (176,827)
Group total	**2,093,475**	**506,905 (183,474)**	**1,958,734**	**469,709 (181,307)**

Salaries and other remuneration distributed between the President and Board members and other employees, SEK '000s[1]	Board and President[2] (of which bonus, and the like)	Other employees (of which bonus, and the like)	Board and President[2] (of which bonus, and the like)	Other employees (of which bonus, and the like)
Parent Company				
Mekonomen AB	13,152 (4,359)	16,710 (5,839)	11,149 (2,597)	12,325 (2,882)
Total in Parent Company	**13,152 (4,359)**	**16,710 (5,839)**	**11,149 (2,597)**	**12,325 (2,882)**
Subsidiaries in Sweden	20,604 (2,946)	659,831 (3,471)	15,494 (1,467)	622,487 (2,061)
Subsidiaries abroad				
Denmark	4,168 (1,226)	663,451 (8,049)	3,136 (0)	654,942 (20,435)
Norway	15,458 (1,969)	512,177 (10,963)	10,747 (335)	468,840 (12,376)
Poland	3,337 (1,385)	170,944 (1,289)	2,429 (0)	142,269 (0)
Other countries	0 (0)	13,643 (0)	0 (0)	14,916 (0)
Total in subsidiaries	**43,567 (7,526)**	**2,020,046 (23,772)**	**31,806 (1,802)**	**1,903,454 (34,872)**
Group total	**56,719 (11,885)**	**2,036,756 (29,611)**	**42,955 (4,399)**	**1,915,779 (37,754)**

1. In 2020, the personnel expenses were positively impacted as a result of assistance due to covid–19 with regard to a reduction of employer's contributions, assistance for sick pay and lay-off assistance as well as assistance for other personnel-related expenses amounting to SEK 48 M in the MECA/Mekonomen, Inter-Team and Sørensen og Balchen business areas.
2. Remuneration to the Board and President includes the Parent Company and, where applicable, subsidiaries in each country.

Remuneration of senior executives

Fees are paid to the Chairman of the Board and Board members in accordance with the resolution of the Annual General Meeting. The annual Board fee totalling SEK 3,035,000 (2,520,000) was determined in accordance with the resolution of the 2021 Annual General Meeting. Of this, SEK 650,000 (620,000) represents fees to the Chairman of the Board, SEK 420,000 (400,000) to the Executive Vice Chairman, and SEK 315,000 (300,000) to each of the remaining Board members. For members of the Board's Audit Committee, SEK 125,000 (120,000) is paid to the Chairman of the Audit Committee and SEK 55,000 (50,000) is paid to the other members of the Audit Committee. For members of the Board's Remuneration Committee, SEK 50,000 (45,000) is paid to the Chairman of the Remuneration Committee and SEK 25,000 (25,000) is paid to the other members of the Remuneration Committee.

No fees are paid to the Boards of other subsidiaries.

The President, Pehr Oscarson, has a basic salary of SEK 470,450 per month and a variable salary portion, which is based on the company's earnings and individual qualitative parameters and can amount to a maximum of 60 per cent of the basic annual salary. The Board may temporarily derogate from these guidelines, in whole or in part, if in an individual case there are special reasons for doing so and where the derogation is necessary to serve the Company's long term-interest, including sustainability, or assure its viability. The President is included in LTIP 2019, LTIP 2020 and LTIP 2021, which was approved at the 2019, 2020 and 2021 Annual General Meetings, respectively. The President receives a pension benefit amounting to a maximum of 30 percentage points of the base salary. Other benefits are primarily in the form of a company car. The period of notice is 12 months if employment is terminated by the company, and six months if terminated by the President. In addition, severance pay of a maximum of 12 months' salary may be paid in the event of termination of employment by the company.

For other senior executives, remuneration follows the policies adopted at the 2021 Annual General Meeting. This means that the company is to strive to offer its senior executives market-based remuneration, that the criteria for this is to be based on the significance of work duties, skills requirements, experience and performance and that remuneration is to comprise the following parts:

- fixed basic salary
- variable remuneration
- long-term share-based incentive programme (LTIP)
- pension benefits and
- other benefits and
- severance pay

The variable remuneration for senior executives, excluding the President, is based partly on the Group's earnings and partly on individual qualitative parameters and can amount to a maximum of a certain percentage of the fixed annual salary. The percentage is linked to the position of each individual and varies between 33 and 60 percentage points for members of the Group Management Team. The Board may temporarily derogate from these guidelines, in whole or in part, if in an individual case there are special reasons for doing so and where the derogation is necessary to serve the Company's long term-interest, including sustainability, or assure its viability. Other benefits refer primarily to company cars. Pension premiums are paid in an amount that is based on the ITP plan or a corresponding system for employees outside Sweden. Pensionable salary comprises basic salary and for those who have ITP 1 also bonus-related

NOTE 5 AVERAGE NUMBER OF EMPLOYEES, SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS, CONT.

remuneration in accordance with the principles in ITP 1. The company applies a period of notice of no more than 12 months. In addition, severance pay of a maximum of 12 months' salary may be paid in the event of termination of employment by the company. Upon resignation, a six-month period of notice applies. Matters pertaining to remuneration of company management are resolved by the Board's Remuneration Committee. However, remuneration of the President is determined by the Board in its entirety.

Long-term share-based incentive programmes are decided by the Annual General Meeting, however.

Share-based remuneration

The 2021 Annual General Meeting also resolved to establish a long-term incentive programme (LTIP 2021), in accordance with the Board's proposal. LTIP 2019 and LTIP 2020 were already in place. The primary motives for establishing LTIP 2019, LTIP 2020 and LTIP 2021 are to link together the shareholders' and company management's and other key individuals' interests to ensure maximal long-term value creation and to encourage personal shareholding in Mekonomen Group.

To participate in LTIP 2019, LTIP 2020 and LTIP 2021, the participant must make his or her own investment in shares in Mekonomen Group ("investment shares") that are allocated to the respective programme. Each investment share entitles the holder to five share awards. The five share awards are divided into Class A and Class B. Of the five share awards the participants receive for each investment share, one share award is of Class A and four are Class B. For both classes, continued employment and continued ownership of the investment shares are required.

LTIP 2019

Allocation for LTIP 2019 of Class A depends on the total return on the company's shares (TSR), which is measured in the first quarter of 2019 against the first quarter of 2022 and the company's equity/assets ratio at the 2021 year-end account closing. Allocation of Class B also depends on earnings per share (EPS) during the period compared with budget 2019 according to different levels. The Board of Directors has set a minimum level and a maximum level during the measurement period and the outcome will be measured according to a linear scale. The vesting period for LTIP 2019 began on the allocation date, which was in June 2019 and expires in connection with publication of the interim report for the period 1 January–31 March 2022.

Any allocation of shares normally takes place within two weeks after publication of Mekonomen's interim report for the period 1 January–31 March 2022. In accordance with the terms, the Group Management Team for Mekonomen Group and certain other key individuals in the Group, 15 people in total, acquired or already held 14,007 shares. To ensure delivery of shares according to LTIP 2019, the company bought back 30,000 shares during the period 3 July–10 July 2019. The company already has 63,250 treasury shares. The company thereby has a total of 93,250 treasury shares at the end of 2019 to ensure delivery of shares for LTIP 2019. As the total number of shares in Mekonomen amounts to 56,416,622, this corresponds to 0.17 per cent. For the programme, the cost is recognized based on the fair value per share award at the allocation date, amounting to 66.70 and the estimated number of shares that will be vested. The total cost for the year amounts to SEK 0.4 M, including social security contributions.

LTIP 2020

Allocation for LTIP 2020 of Class A depends on the total return on the company's shares (TSR), which is measured in the first quarter of 2020 against the first quarter of 2023. The allocation of Class B is also dependent on certain conditions being met for growth in Adjusted EBIT and a reduction of Net debt / EBITDA, where the measurement period ends on 31 December 2022. The Board of Directors has set a minimum level and a maximum level during the measurement period and the outcome will be measured according to a linear scale. The vesting period for LTIP 2020 began on the allocation date, which was in September 2020 and expires in connection with publication of the interim report for the period 1 January–31 March 2023.

Any allocation of shares normally takes place within two weeks after publication of Mekonomen's interim report for the period 1 January–31 March 2023. In accordance with the terms, the Group Management Team for Mekonomen Group and certain other key individuals in the Group, 26 people in total, acquired or already head 38,000 shares. To ensure delivery of shares according to LTIP 2020, the company entered an agreement on a share swap comprising SEK 18 M. The fair value of Mekonomen's share at the beginning of the swap agreement is recognized as a decrease in shareholders' equity in accordance with IAS 32. For the programme, the cost is recognized based on the fair value per share award at the allocation date, amounting to 94.90 and the estimated number of shares that will be vested. The total cost for the year amounts to SEK 5.3 M, including social security contributions.

LTIP 2021

Allocation for LTIP 2021 of Class A depends on the total return on the company's shares (TSR), which is measured in the first quarter of 2021 against the first quarter of 2024. The allocation of Class B is also dependent on certain conditions being met for growth in Adjusted EBIT and a reduction of Net debt / EBITDA, where the measurement period ends on 31 December 2023. The Board of Directors has set a minimum level and a maximum level during the measurement period and the outcome will be measured according to a linear scale. The vesting period for LTIP 2021 began on the allocation date, which was in June 2021 and expires in connection with publication of the interim report for the period 1 January–31 March 2024.

Any allocation of shares normally takes place within two weeks after publication of Mekonomen's interim report for the period 1 January–31 March 2024. In accordance with the terms, the Group Management Team for Mekonomen Group and certain other key individuals in the Group, 28 people in total, acquired or already held 36,760 shares. To ensure delivery of shares according to LTIP 2021, the company entered an agreement on a share swap comprising SEK 20 M. The fair value of Mekonomen's share at the beginning of the swap agreement is recognized as a decrease in shareholders' equity in accordance with IAS 32. For the programme, the cost is recognized based on the fair value per share award at the allocation date, amounting to 152.90 and the estimated number of shares that will be vested. The total cost for the year amounts to SEK 3.6 M, including social security contributions.

There are no other ongoing share-based incentive programmes.

	Basic salary[1]		Bonus[2]		Board fees[3]		Other benefits		Pension premiums	
Executives/category, SEK 000s	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Robert M. Hanser, Chairman of the Board					730	–				
John S. Quinn, former Chairman of the Board					–	695				
Helena Skåntorp, Executive Vice Chairman					545	520				
Eivor Andersson, Board member					365	345				
Kenny Bräck, Board member					315	300				
Joseph M. Holsten, Board member					370	350				
Magnus Håkansson, Board member					370	350				
Michael Løve, Board member					340	–				
Arja Taaveniku, former Board member					–	325				
Pehr Oscarson, President and CEO	5,758	5,420	4,359	2,713			89	89	1,888	1,613
Other senior executives, 5 (5) [4]	10,871	9,018	5,839	2,882			406	353	3,762	2,745
Total	**16,629**	**14,438**	**10,198**	**5,595**	**3,035**	**2,885**	**495**	**441**	**5,650**	**4,358**

1. Basic salary in this table includes holiday bonus.
2. Bonus for the President and CEO and other senior executives includes costs for the long-term share-based incentive programmes (LTIP).
3. Board fees include fees to members of the Board's Committees. Remuneration and compensation set by the AGM are expensed every calendar year.
4. The average number of people in Group Management, except the President and CEO, amounted to 5 (5) people during 2021, including 3 (3) women. The Group Management Team consists of the President and CEO, the CFO, the Director of Purchasing, the Director for Communication & Marketing, the Director of Legal Affairs & Sustainability and the Director of Business Development & Strategy.

A closer presentation of the Board and Group Management and its changes during the year is presented on pages 48–49.

NOTE 6 DEPRECIATION/AMORTIZATION AND IMPAIRMENT OF TANGIBLE AND INTANGIBLE FIXED ASSETS

	Group		Parent Company	
	2021	2020	2021	2020
Depreciation of tangible fixed assets according to plan	–107	–107	0	0
Amortization according to plan of right-of-use assets	–473	–480	–	–
Impairment of tangible fixed assets	–	–	–	–
Impairment of right-of-use assets[1]	–2	–20	–	–
Total depreciation and impairment of tangible fixed assets	**–582**	**–606**	**0**	**0**
Amortization, brands	0	0	–	–
Amortization, customer relationships	–166	–179	–	–
Amortization, franchise contracts	–1	–4	–	–
Amortization, capitalized expenditure for IT systems	–56	–47	–	–
Total amortization and impairment of intangible fixed assets	**–223**	**–230**	**–**	**–**
Total	**–805**	**–836**	**0**	**0**

1. Refers to impairment of rental contracts in connection with the closing of branches.

NOTE 7 RESULT FROM PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2021	2020
Dividends	530	474
Total	**530**	**474**

NOTE 8 APPROPRIATIONS

	Parent Company	
	2021	2020
Group contributions received	244	126
Group contributions paid	–18	–41
Changes in excess depreciation/amortization	0	0
Changes in tax allocation reserve	24	–27
Total	**250**	**59**

NOTE 9 EXCHANGE-RATE DIFFERENCES – NET

Exchange-rate differences were recognized in profit or loss as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Exchange-rate differences in EBIT	10	–18	0	–1
Exchange-rate differences in net financial items	–8	–2	–70	91
Total	**3**	**–19**	**–70**	**90**

NOTE 10 TAX ON PROFIT FOR THE YEAR

	Group		Parent Company	
	2021	2020	2021	2020
Current tax				
Sweden	–46	–12	–23	–17
Other countries	–163	–177	–	–
Total current tax	**–209**	**–189**	**–23**	**–17**
Changes in deferred tax, temporary differences	36	39	6	2
Recognized tax expenses	**–172**	**–150**	**–17**	**–15**
Tax on profit for the year				
Recognized profit before tax	759	596	607	537
Tax according to applicable tax rate	–164	–130	–125	–115
Tax on standard interest on tax allocation reserves	0	0	0	0
Tax effects on expenses that are not tax deductible				
Other non-deductible expenses	–7	–9	–1	–1
Other non-taxable revenue	1	1	109	101
Effects on adjustments from preceding year	7	1	–	–
Effects of non-capitalized loss carry-forwards	–9	–10	–	–
Effect of change in the Swedish tax rate[1]	–	–2	–	–1
Recognized tax expenses	**–172**	**–150**	**–17**	**–15**

1. Corporate tax in Sweden is being reduced in two steps from 2019, which had an effect on the calculation of deferred tax in the balance sheet in 2020, which negatively affected tax by SEK 2 M.

The weighted average tax rate amounted to 21.60 per cent (21.84).

NOTE 11 SUPPLEMENTAL DISCLOSURES, FINANCIAL RISK MANAGEMENT

Disclosures on financial instruments measured at fair value in the balance sheet

The financial instruments that were measured at fair value in the balance sheet are showed below. Measurement is divided into three levels:

Level 1: Fair value is determined according to listed prices in an active market for the same instrument.

Level 2: Fair value is determined based on either direct (prices) or indirect (derived from prices) observable market data not included in Level 1.

Level 3: Fair value is determined based on inputs not observable in the market.

All of Mekonomen's financial instruments that are valued are measured at fair value included in Level 2, except supplementary purchase considerations which are included in Level 3.

Calculation of fair value

The following summarizes the main methods and assumptions used to determine the fair value of the financial instruments shown in the table below.

Fair value of listed securities, where appropriate, is determined based on the asset's listed average price on the balance-sheet date with no additions for transaction costs on the acquisition date.

For currency contracts, fair value is determined on the basis of listed prices. Fair value for interest-rate swaps is based on discounting estimated future cash flows in accordance with the contract terms and due dates, and on the basis of the market interest rate for similar instruments on the balance-sheet date. If discounted cash flows have been used, future cash flows are calculated on company management's best assessment. The discount rate applied is a market-based interest rate on similar instruments on the balance-sheet date.

The fair value of the agreement on conditional supplementary purchase considerations is estimated by the application of the income approach. The supplementary purchase considerations are all non-interest-bearing with relatively short durations and amount to non-material amounts for the Group, which is why detailed disclosures on measurement are not provided.

All valuation techniques applied are accepted on the market and take into account all parameters which the market would take into consideration when pricing. The techniques are reviewed regularly with a view to ensuring their reliability. Assumptions applied are followed up against actual results so as to identify any need for adjustments to measurements and forecasting tools.

For methods of payment, receivables and liabilities with variable interest rates, and current assets and liabilities (such as accounts receivable and accounts payable), fair value is equivalent to the carrying amount.

Group's derivative instruments measured at fair value in balance sheet	31 Dec. 2021	31 Dec. 2020
Financial assets		
Cross-currency swaps	–	–
Interest-rate swaps	3	–
Total	**3**	**–**
Financial liabilities		
Cross-currency swaps	14	–
Interest-rate swaps	3	12
Total	**17**	**12**

Net gains on derivative instruments, held for trading amounted to SEK 0 M (0).

Financial assets and liabilities by measurement category, 31 Dec. 2021[1]	Instruments measured at fair value through profit or loss	Financial assets – amortized cost	Financial liabilities – amortized cost	Total carrying amount	Fair value	Non-financial assets and liabilities	Total Balance sheet
Financial assets							
Financial fixed assets	–	65	–	65	65	26	91
Derivatives[5]	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**		**790**	**2,724**
Financial liabilities							
Bond loans	–	–	1,243	1,243	1,254	–	1,243
Other long-term liabilities, interest-bearing[2, 3]	–	–	1,735	1,735	1,735	–	1,735
Long-term lease liabilities[4]	–	–	1,181	1,181	–	–	1,181
Long-term liabilities, non-interest-bearing	–	–	–	–	–	40	40
Derivatives[5]	17	–	–	17	17	–	17
Supplementary purchase considerations, long-term	5	–	–	5	5	–	5
Current liabilities, interest-bearing[6]	–	–	197	197	197	0	197
Current lease liabilities[4]	–	–	467	467	–	–	467
Accounts payable	–	–	1,684	1,684	1,684	–	1,684
Supplementary purchase considerations, current	3	–	–	3	3	–	3
Other current liabilities	–	–	–	0	–	1,070	1,070
Total	**25**	**–**	**6,508**	**6,533**		**1,110**	**7,643**

Financial assets and liabilities by measurement category, 31 Dec. 2020[1]	Instruments measured at fair value through profit or loss	Financial assets – amortized cost	Financial liabilities – amortized cost	Total carrying amount	Fair value	Non-financial assets and liabilities	Total Balance sheet
Financial assets							
Financial fixed assets	–	67	–	67	67	31	98
Accounts receivable	–	828	–	828	828	–	828
Other current receivables	–	–	–	–	–	678	678
Cash and cash equivalents	–	420	–	420	420	–	420
Total	**–**	**1,316**	**–**	**1,316**		**708**	**2,024**
Financial liabilities							
Long-term liabilities, interest-bearing[2, 3]	–	–	2,730	2,730	2,730	–	2,730
Long-term lease liabilities[4]	–	–	1,168	1,168	–	–	1,168
Long-term liabilities, non-interest-bearing	–	–	–	–	–	10	10
Derivatives[5]	12	–	–	12	12	–	12
Supplementary purchase considerations, long-term	6	–	–	6	6	–	6
Current liabilities, interest-bearing[6]	–	–	384	384	384	227	611
Current lease liabilities[4]	–	–	432	432	–	–	432
Accounts payable	–	–	1,321	1,321	1,321	–	1,321
Supplementary purchase considerations, current	6	–	–	6	6	–	6
Other current liabilities	–	–	–	–	–	914	914
Total	**24**	**–**	**6,035**	**6,059**		**1,151**	**7,210**

1. The carrying amount of the Group's non-market-listed long-term financial instruments measured at amortized cost essentially corresponds to its fair value as the interest is on a par with current market interest rates. The fair value of the market-listed bond differs from the carrying amount as the market value of the bond has changed since it was issued. The carrying amount of the Group's short-term financial instruments measured at amortized cost essentially corresponds to its fair value as the discount effect is not material.
2. This amount includes liabilities related to the SEK 20 M (18) share swap.
3. The carrying amount of the Group's long-term liabilities measured at amortized cost essentially corresponds to its fair value as the interest is on a par with current market interest rates.
4. Lease liabilities are recognized at amortized cost and are not assigned any fair value.
5. Derivative instruments used for hedging purposes.
6. The carrying amount of the Group's current liabilities measured at amortized cost essentially corresponds to its fair value as the discount effect is not material.

NOTE 11 SUPPLEMENTAL DISCLOSURES, FINANCIAL RISK MANAGEMENT, CONT.

Group's maturity structure for undiscounted cash flows for financial liabilities and derivatives

	31 Dec. 2021					
Nominal amount	2022	2023	2024	2025	2026 and later	Total
Bond loans	33	38	43	44	1,261	1,418
Liabilities to credit institutions, bank borrowing	228	1,732	–	–	–	1,960
Liabilities to leasing companies	496	432	317	177	313	1,735
Overdraft facilities	1	–	–	–	–	1
Derivatives	9	11	3	5	16	45
Share swap	2	18	–	–	–	20
Supplementary purchase considerations	3	3	2	–	–	8
Accounts payable	1,684	–	–	–	–	1,684
Total	**2,456**	**2,234**	**365**	**226**	**1,590**	**6,870**

	31 Dec. 2020					
Nominal amount	2021	2022	2023	2024	2025 and later	Total
Liabilities to credit institutions, bank borrowing	379	1,020	1,756	–	–	3,155
Liabilities to leasing companies	475	424	365	186	287	1,736
Overdraft facilities	69	–	–	–	–	69
Derivatives	7	10	8	–	–	25
Share swap	–	–	18	–	–	18
Supplementary purchase considerations	6	2	2	2	0	12
Accounts payable	1,321	–	–	–	–	1,321
Total	**2,256**	**1,456**	**2,148**	**188**	**287**	**6,335**

Time when hedged cash flows in the hedging reserve are expected to occur and affect profit for the year

	2022 – Q1	2022 – Q2	2022 – Q3	2022 – Q4	2023	2024 and later	Total
Interest-rate swaps and interest-rate swap	3	2	2	2	11	24	45
Total	**3**	**2**	**2**	**2**	**11**	**24**	**45**

Offsetting financial assets and liabilities

Derivative contracts are subject to legally binding framework agreements on netting. This information is limited as the amounts are of minor value.

NOTE 12 INTANGIBLE FIXED ASSETS

	Goodwill		Brands		Franchise contracts		Customer relations		Capitalized expenditure for IT systems		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Opening accumulated cost, 1 January	**3,679**	**3,770**	**844**	**869**	**42**	**43**	**1,661**	**1,637**	**364**	**329**	**6,592**	**6,650**
Acquisitions	–	–	–	–	–	–	–	–	78	49	78	49
Acquisitions in connection with acquired operation	16	25	–	–	–	–	5	47	9	0	30	72
Reclassification	–				–		–		6		6	–
Divestments/disposals	–3	–2	–	–	–	–	0	–1	–5	–13	–8	–16
Translation difference, currency	69	–113	13	–25	0	–1	11	–23	1	–1	94	–163
Closing accumulated cost, 31 December	**3,761**	**3,679**	**857**	**844**	**42**	**42**	**1,677**	**1,661**	**454**	**364**	**6,793**	**6,592**
Opening acc. depreciation and impairment, 1 January	**0**	**0**	**–4**	**–3**	**–41**	**–37**	**–917**	**–736**	**–218**	**–174**	**–1,182**	**–953**
Divestments/disposals	–	–	–	–	–	–	0	0	3	2	4	3
Depreciation for the year	–	–	0	0	–1	–4	–166	–179	–56	–47	–223	–230
Impairment for the year	–	–	–	–	–	–	–	–	–	–	–	–
Translation difference, currency	–	–	–	–	–	0	2	–2	0	0	2	–2
Closing accumulated depreciation and impairment, 31 December	**–**	**–**	**–4**	**–4**	**–42**	**–41**	**–1,081**	**–917**	**–270**	**–218**	**–1,399**	**–1,182**
Closing carrying amount, 31 December	**3,761**	**3,679**	**853**	**840**	**0**	**1**	**596**	**744**	**184**	**146**	**5,394**	**5,410**

NOTE 12 INTANGIBLE FIXED ASSETS, CONT.

The carrying amounts of intangible fixed assets are distributed among operating segments as follows:

	Goodwill		Brands		Franchise contracts		Customer relations		Capitalized expenditure for IT systems		Total Group	
Carrying amount for operating segment for	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
FTZ	1,715	1,679	501	491	–	–	505	566	55	12	2,775	2,748
Inter-Team	26	26	27	27	–	–	13	15	10	9	77	77
MECA/Mekonomen	1,589	1,574	270	271	–	–	78	160	108	106	2,046	2,111
Sørensen og Balchen	430	400	55	51	–	1	–	3	–	0	485	455
Central functions	–	–	–	–	–	–	–	–	11	20	11	20
Total	**3,761**	**3,679**	**853**	**840**	**–**	**1**	**596**	**744**	**184**	**146**	**5,394**	**5,410**

Testing of impairment requirement for goodwill and other intangible assets with indefinite useful period
Goodwill is distributed and tested among the Group's cash-generating units (CGU) identified by operating segments. In addition to goodwill, the Group has acquired brands that are deemed to have indefinite useful period.

The useful period is deemed indefinite when it pertains to well-established brands in their individual markets, which the Group intends to retain and further develop.

The brands that have been identified and evaluated pertain to the acquisition of brands in connection with the acquisitions of Sørensen og Balchen in 2011, MECA in 2012 and FTZ and Inter-Team in 2018. Other brands are amortized and their carrying amount at year-end was SEK 0 M (1). A summary of goodwill and brands with indefinite useful period at operating segment level is provided in the table below.

	Goodwill 2021						Brands (indefinite useful life) 2021				
Operating segments	1 Jan. 2021	Acquisitions	Impairment	Divestments	Translation difference, currency	31 Dec. 2021	1 Jan. 2021	Acquisitions	Impairment	Translation difference, currency	31 Dec. 2021
FTZ	1,679	3	–	–	32	1,715	491	–	–	10	500
Inter-Team	26	–	–	–	0	26	27	–	–	0	27
MECA/Mekonomen	1,574	12	–	–3	7	1,590	270	–	–	–	270
Sørensen og Balchen	400	1	–	–	30	431	51	–	–	4	55
Total	**3,679**	**16**	**–**	**–3**	**70**	**3,761**	**839**	**–**	**–**	**13**	**853**

	Goodwill 2020						Brands (indefinite useful period) 2020				
Operating segments	1 Jan. 2020	Acquisitions	Impairment	Divestments	Translation difference, currency	31 Dec. 2020	1 Jan. 2020	Acquisitions	Impairment	Translation difference, currency	31 Dec. 2020
FTZ	1,739		–	–	–60	1,679	509	–	–	–17	491
Inter-Team	29	–	–	–	–3	26	30	–	–	–3	27
MECA/Mekonomen	1,560	24	–	–2	–8	1,574	270	–	–	–	270
Sørensen og Balchen	442	1	–	–	–43	400	56	–	–	–5	51
Total	**3,770**	**25**	**–**	**–2**	**–113**	**3,679**	**865**	**–**	**–**	**–25**	**839**

Testing impairment requirements for goodwill and other intangible assets with indefinite useful period takes place in the fourth quarter annually or more frequently if there are indications of value depreciation. The recoverable amount for a cash-generating unit is established based on calculations of the value in use. The value in use is the present value of the estimated future cash flows.

Cash-flow forecasts are based on an assessment of the anticipated growth rate and the trend of the EBIT margin, based on the budget that was adopted in December for 2022, forecasts for the next four years, managements' long-term expectations of the operation, and historic trends. The cash-flow forecasts for years two-five are based on an annual growth rate of 2.0 per cent (2.0) except for Inter-Team where the annual growth rate is deemed to amount to 7.0 per cent (7.0). Cash flows beyond this five-year period have been extrapolated using an estimated growth rate of 2.0 per cent (2.0), except for Inter-Team using an estimated growth rate of 2.5 per cent (2.5). The growth rate does not exceed the long-term growth rate for the market segments in which each cash-generating unit operates.

Calculated value in use is most sensitive to changes in assumptions for growth-rate, EBIT margin and the relevant discount rate (WACC, Weighted Average Cost of Capital), which is used to discount future cash flows. The significant assumptions used to calculate the value in use for 2021 and 2020, respectively, are summarized as follows:

	31 Dec. 2021				31 Dec. 2020			
	FTZ	Inter-Team	MECA/ Mekonomen	Sørensen og Balchen	FTZ	Inter-Team	MECA/ Mekonomen	Sørensen og Balchen
Discount rate (WACC) before tax	8.1%	11.2%	8.8%	9.6%	7.9%	10.6%	9.3%	9.4%
Discount rate (WACC) after tax	6.7%	9.5%	7.2%	7.8%	6.6%	8.9%	7.6%	7.8%
Growth rate beyond the forecast period	2.0%	2.5%	2.0%	2.0%	2.0%	2.5%	2.0%	2.0%
Total price and volume trend years 2–5 of the forecast period	2.0%	7.0%	2.0%	2.0%	2.0%	7.0%	2.0%	2.0%
EBIT	352	102	447	185	331	86	352	170

Sensitivity analysis
For all CGUs, an increase in the discount rate by 2 percentage points, a reduction in the assumed long-term growth rate by 2 percentage points or a decrease in the EBIT margin by 2 percentage points would not individually result in any impairment requirement. Based on historical outcome and management's estimates of the future, Mekonomen has deemed that the above ranges cover reasonable possible changes in the important assumptions identified. These calculations are hypothetical and shall not be seen as an indication that these factors are more or less likely to be changed. The sensitivity analysis should therefore be interpreted with caution.

According to implemented impairment testing, there is no impairment requirement for goodwill or other intangible assets with indefinite periods of use as per 31 December 2021.

NOTE 13 IMPROVEMENT COSTS, THIRD-PARTY PROPERTY

	Group	
	2021	2020
Opening accumulated cost, 1 January	**105**	**110**
Purchases, rebuilding and extensions	3	5
Increase through business combinations	–	–
Sales/disposals	–2	–5
Reclassification	–	–1
Translation difference, currency	0	–4
Closing accumulated cost, 31 December	**106**	**105**
Opening accumulated depreciation, 1 January	**–82**	**–80**
Sales/disposals	2	4
Depreciation for the year	–7	–10
Translation difference, currency	0	4
Closing accumulated depreciation, 31 December	**–87**	**–82**
Closing carrying amount, 31 December	**19**	**23**

NOTE 14 TANGIBLE FIXED ASSETS

	Land and buildings		Equipment and transport		Construction in progress		Total	
Group	2021	2020	2021	2020	2021	2020	2021	2020
Opening accumulated cost, 1 January	**42**	**58**	**864**	**838**	**9**	**26**	**914**	**922**
Purchasing	2	6	86	76	4	17	93	98
Increase through business combinations	0	–	1	7	–	–	2	7
Reclassification	–	–	4	34	–10	–34	–6	0
Sales/disposals	–1	–16	–15	–55	–	–	–16	–71
Translation difference, currency	2	–6	9	–36	0	–	11	–42
Closing accumulated cost, 31 December	**46**	**42**	**949**	**864**	**2**	**9**	**997**	**914**
Opening acc. depreciation and impairment, 1 January	**3**	**–11**	**–492**	**–477**	–	**–**	**–488**	**–487**
Sales/disposals	1	16	14	50	–	–	14	66
Reclassification	–	–	0	–	–	–	0	–
Depreciation for the year	–6	–7	–94	–90	–	–	–100	–97
Translation difference, currency	–2	4	–4	25	–	–	–6	30
Closing accumulated depreciation and impairment, 31 December	**–5**	**3**	**–576**	**–492**	**–**	**–**	**–580**	**–488**
Closing carrying amount, 31 December	**42**	**45**	**374**	**372**	**2**	**9**	**417**	**426**

NOTE 15 LEASES

Information on leases where the Group is the lessee

The following amounts related to leases are recognized in the balance sheet:

Right-of-use assets	31 Dec. 2021	31 Dec. 2020
Buildings	1,516	1,480
Vehicles	131	122
Other	4	4
Total	**1,651**	**1,606**
Lease liabilities		
Long-term	1,181	1,168
Current	467	432
Total	**1,648**	**1,600**

For information on maturity structure regarding lease liabilities, refer to Note 11 Supplemental disclosures on financial risk management.

Additional right-of-use assets in 2021 amounted to SEK 508 M (358).

The following amounts related to leases are recognized in the income statement:

	2021	2020
Amortization of right-of-use assets	–473	–480
of which buildings	–402	–415
of which vehicles	–67	–62
of which other	–3	–3
Impairment of right-of-use assets[1]	–2	–20
of which buildings	–2	–20
Interest expenses (included in financial expenses)	–39	–39
Expenses attributable to short-term leases (included in other external expenses)	–7	–7
Expenses attributable to leases for which the underlying asset is of low value that is not a short-term lease (included in other external expenses)	–23	–27
Expenses attributable to variable leasing payments that are not included in lease liabilities (included in other external expenses)	–15	–7

Total cash outflow for leases in 2021 was SEK 492 M (528).

1. Refers to impairment of rental contracts in connection with the closing of branches.

Information on rental agreements where the Group is the lessor

Premises are leased to tenants under operating leases with monthly rental payments. Leasing payments for certain contracts include CPI increases, but there are no other variable leasing payments that depend on an index or an interest rate. Even if the Group is exposed to changes in the residual value at the end of the current leases, the Group usually enters new operating leases and will therefore not immediately realize any decrease in the residual value at the end of these leases.

Information about leasing income	2021	2020
Leasing income, operating leases	57	53

Future minimum lease charges that will be received	31 Dec. 2021	31 Dec. 2020
Within 1 year	55	49
Between 1–2 years	52	44
Between 2–3 years	44	43
Between 3–4 years	38	24
Between 4–5 years	32	13
More than 5 years	25	15

Operational lease agreements

From 1 January 2019, leases for the Group are recognized in accordance with IFRS 16 Leases. IFRS 16 Leases is not applied in the Parent Company and lease charges are period-allocated straight-line over the term of the lease. Right-of-use assets and lease liabilities are accordingly not recognized in the Parent Company balance sheet. The Parent Company's operating leases primarily comprize leased premises.

	Parent Company	
Information about leasing expenses, operational leasing	2021	2020
Premises rent	1	0
Leasing expenses, other	0	0
Total	**1**	**1**

	Parent Company	
Future leasing fees for irrevocable lease agreements falling due for payment:	31 Dec. 2021	31 Dec. 2020
Within one year	1	1
Later than one year but within five years	1	1
After five years	–	–
	2	**2**

Of the future lease fees, rent for premises accounted for SEK 1 M (1) for the Parent Company.

NOTE 16 DEFERRED TAX

Deferred tax assets and liabilities are offset against each other when a legal right of offset exists for current tax assets and tax liabilities and when deferred taxes refer to the same tax authority. Below, deferred tax assets and liabilities are presented gross, with information on the netting done regarding the company in the same tax law jurisdiction.

	Group		Parent Company	
Deferred tax assets (+) /tax liabilities (-)	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Capitalized loss carry-forwards	5	3	–	–
Temporary differences on inter-company profits	42	39	–	–
Temporary differences, inventory obsolescence	24	20	–	–
Temporary differences, other	73	64	19	13
Less netting	–141	–125	–	–
Total deferred tax assets	**3**	**1**	**19**	**13**
Untaxed reserves	–82	–92	–	–
Surplus value in intangible fixed assets (through acquisition)	–352	–369	–	–
Temporary differences, other	–64	–53	–	–
Less netting	141	125	–	–
Total deferred tax assets	**–357**	**–388**	**–**	**–**
Total (net)	**–354**	**–387**	**19**	**13**

	Group		Parent Company	
Gross change in deferred tax assets/tax liabilities	2021	2020	2021	2020
Opening balance	–387	–428	13	11
Translation difference, currency	–1	11	–	–
Acquisition of subsidiaries	–3	–8	–	–
Recognition in income statement	36	39	6	2
Tax recognized in comprehensive income	1	–1	–	–
At year-end	**–354**	**–387**	**19**	**13**

Taxable loss carry-forwards

At the end of the financial year, tax loss carry-forwards amounted to SEK 0 M (0) in the Parent Company and SEK 892 M (828) in the Group. For deficits amounting to SEK 265 M (206), there is a time limit of up to 10 years. None of these deficits were assigned a value in the balance sheet. All other deficits run without limit in time. Deferred tax assets for tax loss carry-forwards in the Group amount to SEK 5 M (3) at the balance sheet date. Deferred tax assets on the remaining deficit were not assigned a value in the balance sheet.

NOTE 17 OTHER FINANCIAL FIXED ASSETS

	Group	
	31 Dec. 2021	31 Dec. 2020
Hire-purchase contracts	62	62
Other	6	5
Total	**68**	**67**

Hire-purchase contracts	Group	
	31 Dec. 2021	31 Dec. 2020
Hire-purchase contracts	64	64
Credit loss reserve[1]	–2	–2
Total	**62**	**62**

Credit loss reserve, hire-purchase contracts[1]	Group	
	2021	2020
Credit loss reserve at beginning of year	–2	–1
Change in net credit loss reserve for the year	0	–1
Receivables written off during the year as non-collectable	0	0
Reclassification of renegotiated accounts receivable	0	0
Translation difference, currency	0	0
Credit loss reserve at year-end	**–2**	**–2**

1. This information is limited as the amounts are of minor value.

Interest income on hire-purchase contracts during the year was SEK 0 M (0).

NOTE 18 INVENTORIES

	Group	
	31 Dec. 2021	31 Dec. 2020
Goods for resale	3,021	2,704
Total	**3,021**	**2,704**

The cost of inventories expensed is included in the item goods for resale in the income statement and amounted to SEK 6,709 M (6,318). Provisions for obsolescence are induced in the value of inventories. In addition to normal obsolescence reserves, no material impairments were made during the year (6).

Only an insignificant part of the inventory is measured at net realisable value.

NOTE 19 CURRENT RECEIVABLES

	Group	
	31 Dec. 2021	31 Dec. 2020
Accounts receivable	974	828
Tax assets	39	49
Other receivables	58	71
Prepaid expenses and accrued income	667	558
Total	**1,738**	**1,506**

Accounts receivable	Group	
	31 Dec. 2021	31 Dec. 2020
Accounts receivable	1,017	879
Credit loss reserve	–43	–51
Total	**974**	**828**

Credit loss reserve	Group	
	2021	2020
Credit loss reserve at beginning of year	–51	–46
Change in net credit loss reserve for the year	–10	–20
Change in provision, net in balance sheet	18	15
Reclassification to long-term receivables	0	0
Translation difference, currency	0	0
Credit loss reserve at year-end	**–43**	**–51**

Mekonomen applies the simplified method for expected credit losses, which means that expected credit losses are calculated as percentages based on the number of different time categories.

Accounts receivable on 31 December 2021	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 60 days	Total
Carrying amounts, accounts receivable, net	853	83	15	23	**974**
Total	**853**	**83**	**15**	**23**	**974**

Accounts receivable on 31 December 2020	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 60 days	Total
Carrying amounts, accounts receivable, net	630	165	6	27	**828**
Total	**630**	**165**	**6**	**27**	**828**

Fair value of accounts receivable agrees with the carrying amounts. Credit quality of unreserved receivables is assessed to be good. Interest income on accounts receivable during the year was SEK 8 M (7).

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Prepaid insurance	11	7	0	0
Accrued insurance compensation	–	56	–	0
Accrued supplier bonus	532	397	–	–
Other interim receivables	124	98	1	2
Total	**667**	**558**	**1**	**2**

NOTE 21 CASH AND CASH EQUIVALENTS

	Group		Parent Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Cash and bank balances	892	420	425	246
Total	**892**	**420**	**425**	**246**

NOTE 22 BORROWING

	Group		Parent Company	
Long-term	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Bond loans	1,243	–	1,243	–
Liabilities to credit institutions, bank borrowing	1,715	2,709	1,713	2,706
Lease liabilities	1,181	1,168	–	–
Derivatives, interest-rate swaps and cross-currency swap	17	12	14	–
Share swap	20	18	20	18
Total long-term liabilities	**4,176**	**3,908**	**2,991**	**2,724**

	Group		Parent Company	
Current	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Liabilities to credit institutions, bank borrowing	197	316	197	316
Overdraft facilities	–	68	–	68
Lease liabilities	467	432	–	–
Total current liabilities	**664**	**816**	**197**	**384**
Total borrowing	**4,840**	**4,724**	**3,188**	**3,107**
Overdraft facility limit	**320**	**521**	**320**	**520**
of which, unutilized portion	320	453	320	452

The Group's long-term loans consist of a Term A loan in EUR and a bond. The long-term Term A loan in EUR runs until 2023 and is repaid at EUR 5 M per quarter. The bond matures in its entirety in 2026. In June, an extra principal repayment of EUR 5 M was made to restore the repayment plan after one principal-repayment-free quarter was granted in 2020. During the year, Mekonomen issued a five-year unsecured bond of SEK 1,250 M with a variable interest rate (3M Stibor + margin of 2.50 per cent). Mekonomen repaid the utilized portion of the RCF at the time, which was simultaneously terminated and replaced with a new RCF totalling SEK 800 M that runs until 2024 with the possibility of an extension of 1+1 years. At year-end, the RCF had not been utilized. Through loans in EUR, the Group hedges net investments in DKK. The Group also entered a currency interest swap in NOK to hedge the Group's net investments in NOK. The cross-currency swap runs until 2026.

Currency translation of the part of the loan included in the hedging relationship and the cross-currency swap is recognized in other comprehensive income. During the year, the Group also reduced the maximum amount of overdraft facility from SEK 520 M to SEK 320 M. Mekonomen holds two interest-rate swaps to reduce the risk in the Group's cash flow as a result of changed market interest rates. They consist of two swaps in EUR of EUR 60.75 M each, which run until 2022 and 2023, respectively, and an SEK Swap of SEK 500 M, which runs until 2024. The latter was entered into during the year. The previous NOK swap was terminated early in connection with the repayment of NOK loans. All interest rates, excluding interest-rate swaps, are variable or have a maximum fixed period of three months. During the financial year, the interest level varied around 2.2 per cent.

Mekonomen AB's borrowing from banks is subject to certain conditions, known as covenants, all of which Mekonomen AB meets. The bond is also covered by covenants, but they are only to be tested and met upon special events, such as new loans and dividends paid. The rules under FRS 16 Leases do not affect the Group's ability to fulfil these covenants. The conditions include an owner change clause that becomes current upon an owner change in excess of 50 per cent or upon a delisting.

The Group's long-term borrowing occurs mainly under credit frameworks with long-term lines of credits, but with short-term fixed-interest periods. The Group's interest expenses pertaining to borrowing amounted to SEK 115 M (129). Refer also to the sensitivity analysis pertaining to interest-rate risks in the sensitivity analysis section in the Administration Report and in Note 36. Existing overdraft facilities are in SEK.

NOTE 23 PROVISIONS

	Group		Parent Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Provision for pensions	1	3	–	–
Provisions for supplementary purchase considerations	8	12	–	–
Provisions for returns	24	23	–	–
Other provisions	19	11	4	3
Total	**52**	**49**	**4**	**3**

Change in 2021, Group	Provisions for returns and other	Provisions for supplementary purchase considerations
Carrying amount at the beginning of the year	34	12
– New provisions	11	0
– Reversed provisions	–3	0
Amounts utilized during the period	0	–4
Currency effects	1	0
Carrying amount at year-end	**43**	**8**

Provisions comprise:

	Group		Parent Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Long-term portion	25	19	4	3
Short-term portion	27	30	–	–
Total	**52**	**49**	**4**	**3**

Pensions

Alecta

The ITP 2 scheme's defined-benefit pension obligations for old-age and family pensions (or family pension) for salaried employees in Sweden are secured through insurance with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of ITP 2 Pension Plans Financed through Insurance with Alecta, this is a multi-employer defined-benefit plan. In the 2021 financial year, the company did not have access to such information that made it possible to recognize its proportional share of the plan's obligations, plan assets and costs, which means that it was not possible to recognize this as a defined-benefit plan. ITP 2 pension plans that are secured through insurance with Alecta are therefore recognized as defined-contribution plans. The anticipated fees for the next reporting period for ITP 2 policies signed with Alecta amounts to SEK 14 M (15).

The collective consolidation level comprises the market value of Alecta's assets as a percentage of insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not in agreement with IAS 19. Alecta's surplus, in the form of the collective consolidation level, amounted to 172 per cent at year-end 2021 (2020: 148 per cent).

Pension commitments

All pension commitments pertain to employees in the subsidiary in Norway. The Group is obliged to provide pension provisions according to the Norwegian act on occupational pensions. The Group has a total of three (five) defined-benefit pension plans which jointly include 36 (44) gainfully employed individuals and 40 (47) pensioners. Pension benefits are largely dependent on the number of years of service, salary level at retirement and the amount of the benefit.

This obligation is covered via insurance companies. Employer contributions are included in the net pension obligation. The amounts recognized in the balance sheet have been calculated as follows:

	Group	
	31 Dec. 2021	31 Dec. 2020
Present value of funded commitments	43	50
Fair value of plan assets	–45	–51
Deficit in funded plans	**–2**	**–1**
Present value in unfunded commitments	–	–
Net debt (+)/Net assets (–) on the balance sheet[1)]	**–2**	**–1**

1. Of which SEK 4 M (4) in net assets are recognized among other financial fixed assets on the consolidated balance sheet.

Present value of commitments	Group 2021	2020
Opening balance	50	61
Gross pension cost for the year	1	2
Interest expenses	1	1
Pension payment	–2	–2
Actuarial gains and losses [1)]	2	–6
Closing of contracts	–12	–
Exchange-rate differences	3	–6
Closing balance	**43**	**50**

Fair value of plan assets	Group 2021	2020
Opening balance	51	54
Expected return	1	1
Payments	2	3
Pension payment	–2	–2
Actuarial gains and losses[1)]	–2	0
Closing of contracts	–9	–
Exchange-rate differences	3	–5
Closing balance	**44**	**51**
Net pension commitments	**–2**	**–1**

1. Changes in demographic and financial assumptions are not specified on the basis of a materiality assessment.

Costs recognized in profit or loss	Group 2021	2020
Pension vesting for the year including contributions	2	2
Administration fees	0	0
Interest expenses	0	0
Total	**2**	**2**

Composition of plan assets	Group 31 Dec. 2021	31 Dec. 2020
Equities	10%	9%
Bonds	77%	72%
Property	12%	14%
Other	0%	5%
Total	**100%**	**100%**

Actuarial assumptions	Group 31 Dec. 2021	31 Dec. 2020
Discount rate	1.50%	1.50%
Future salary increases	2.00%	2.00%
Future pension increases	0.00%	0.00%

Assumptions regarding future length of life are based on public statistics and experience from mortality studies in the country concerned, and set in consultation with actuarial experts.

Through its post-employment defined-benefit pension plans, the Group is exposed to a number of such risks as asset volatility, changes in returns and length of life commitments. The company actively monitors how terms of and expected returns on investments match expected payments arising from its pension commitments. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivative instruments to manage its risk. Investments are highly diversified.

Contributions to post-employment benefit plans for the 2022 financial year are expected to amount to SEK 2 M (3).

A sensitivity analysis and weighted average term for the pension commitments and term analysis for undiscounted payments have not been provided since they are deemed to be insignificant.

NOTE 24 OTHER CURRENT LIABILITIES

	Group	
	31 Dec. 2021	31 Dec. 2020
Accounts payable	1,684	1,321
Other current liabilities[1]	227	419
Accrued expenses and deferred income	704	591
Total	**2,615**	**2,331**

1. The amount at 31 December 2020 included around SEK 168 M concerning the postponement of VAT and tax payments as a result of covid-19, of which SEK 156 M was interest bearing. As a result of a change in the Danish Holiday Act, this amount at 31 December 2020 also included a holiday pay liability of around SEK 71 M, which was interest bearing.

NOTE 25 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Accrued personnel-related costs	349	325	18	15
Accrued bonuses/contract fees	126	103	–	–
Accrued interest expenses	1	2	1	2
Prepaid rental income	0	0	–	–
Other interim liabilities	228	161	2	2
Total	**704**	**591**	**21**	**19**

NOTE 26 PLEDGED ASSETS, CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Parent Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Pledged assets	–	–	–	–
Contingent liabilities				
Guarantees on behalf of subsidiaries	–	–	452	388
Other sureties	14	12	–	–
Total	**14**	**12**	**452**	**388**

NOTE 27 PARTICIPATIONS IN GROUP COMPANIES

	Parent Company	
	2021	2020
Opening cost	8,510	8,402
Capital contributions paid	1	108
Closing accumulated cost	**8,511**	**8,510**
Opening impairment	–565	–565
Closing accumulated impairment	**–565**	**–565**
Closing residual value	**7,946**	**7,945**

Participations in Group companies	Corporate identity number	Share of equity, %	Number of branches	Book value, 31 December 2021	Book value, 31 December 2020
Name of company/registered office, Denmark					
Acem A/S /Odense	30 07 81 28	100		0	0
FTZ Autodele & Værktøj A/S /Odense	73 64 87 18	100	48	4,065	4,065
Name of company/registered office, Finland					
Mekonomen Oy /Helsinki	2259452-4	100	1	0	0
Name of company/registered office, Norway					
Mekonomen AS /Trollåsen	980,748,669	100	33	24	24
Sørensen og Balchen AS /Oslo	916,591,144	100		840	840
Name of company/registered office, Poland					
Inter-Team Sp. z o.o. /Warsaw	5,240,301,927	100	83	240	240
Name of company/registered office, Sweden					
Bileko Car Parts AB /Stockholm	556062-4875	100		89	89
Bileko Tires AB /Stockholm	556821-5981	100		28	28
MECA Scandinavia AB /Malmö	556218-3037	100		2,446	2,446
Meko Service Nordic AB /Stockholm	556179-9676	100		2	1
Mekonomen Company AB /Stockholm	556724-9254	100		35	35
Mekonomen Detaljist AB /Stockholm	556157-7288	100	80	146	146
Mekonomen Services AB /Huddinge	556840-9428	100		0	0
Speedy Autoservice AB /Malmö	556575-9858	100		31	31
Participations in Group companies, total			**245**	**7,946**	**7,945**

NOTE 27 PARTICIPATIONS IN GROUP COMPANIES, CONT.

Indirect participations in subsidiaries Company name/domicile	Corporate identity number	Share of equity, %	Number of branches
FTZ			
Automester Danmark ApS /Odense	16 81 72 44	100	–
CarPeople Danmark Aps /Odense	41 96 45 45	100	–
Din Bilpartner ApS /Odense	32 14 21 09	100	–
DriveClever A/S /Odense	32 08 15 76	100	–
FTZ Autodele & Værktøj P/F/Torshavn	51 29 23	70	2
Vantage ApS /Hørsholm	30 50 78 00	70	–
			2
MECA/MEKONOMEN			
MECA Norway AS /Gjøvik	935,682,525	100	25
MECA Service AS /Gjøvik	920,377,068	100	–
Mekonomen Company AS /Gjøvik	925,102,067	100	–
Mekonomen Services AS /Trollåsen	999,323,332	100	–
Motor Norge AS /Alta	945,481,668	51	1
Preqas AS /Oslo	816,479,932	100	–
Tores Auto AS /Fyllingdalen	924,467,711	75	–
Tores Auto Arna AS /Indre Arna	997,744,470	75	–
Tores Auto Dekkservice AS /Fyllingdalen	919,387,335	75	–
Tores Auto Fyllingen AS /Fyllingdalen	979,361,432	75	–
Tores Auto Loddefjord AS /Loddefjord	977,389,909	75	–
Tores Auto Minde AS /Bergen	996,043,509	75	–
Tores Auto Spelhaugen AS /Fyllingdalen	915,680,275	75	–
Tores Auto Ågotnes AS /Ågotnes	899,515,692	75	–
Tores Auto Åsane AS /Nyborg	991,511,598	75	–
AltiBil Västra Sverige AB /Gothenburg	556603-0747	100	–
Bilglascentralen AB /Gothenburg	556076-4598	100	–
BilXtra Sweden AB /Malmö	556509-7861	100	6
J&B Maskinteknik AB /Gothenburg	556490-2996	100	–
MECA Car Parts AB /Malmö	556169-0412	100	–
MECA Sweden AB /Malmö	556356-5612	100	54
MECA Verkstadsdrift AB /Malmö	559012-2478	100	–
Meko Service Småland AB /Stockholm	559115-9479	100	–
Meko Service Susannes Bilverkstad i Härlöv AB / Upplands-Väsby	556964-0641	100	–
Meko Service Södra AB /Stockholm	559086-6645	100	–
Mekonomen Alingsås AB /Alingsås	556596-3690	95	1
Mekonomen Arvika AB /Stockholm	559337-3649	100	–
Mekonomen BilLivet AB /Stockholm	556845-2196	100	–
Mekonomen Billivet Albyberg AB /Stockholm	559149-8893	100	–
Mekonomen BilLivet Backaplan AB /Gothenburg	556756-1146	91	–
Mekonomen BilLivet Bemanning AB /Stockholm	559149-9255	100	–
Mekonomen Billivet Borås AB /Stockholm	559149-8570	100	–
Mekonomen Billivet Bromma AB /Stockholm	556864-3455	100	–
Mekonomen Billivet Eklanda AB /Stockholm	556863-9909	91	–
Mekonomen Billivet Fosie AB /Stockholm	559098-0537	100	–
Mekonomen Billivet Gislaved AB /Stockholm	559123-7408	100	–
Mekonomen BilLivet Grimmered AB /Stockholm	559185-6983	100	–
Mekonomen BilLivet Gärdet AB /Upplands-Väsby	556821-6047	100	–
Mekonomen BilLivet Gävle AB /Stockholm	556864-3448	100	–
Mekonomen Billivet Hedemora AB /Stockholm	559112-6460	91	–
Mekonomen BilLivet Helsingborg AB /Stockholm	559086-6744	100	–
Mekonomen Billivet Härnösand AB /Stockholm	559149-9313	100	–
Mekonomen BilLivet Infra City AB /Stockholm	556864-3471	100	–
Mekonomen BilLivet Johanneshov AB /Stockholm	556882-0780	100	–

Indirect participations in subsidiaries Company name/domicile	Corporate identity number	Share of equity, %	Number of branches
Mekonomen Billivet Karlshamn AB /Stockholm	559118-0608	100	–
Mekonomen BilLivet Karlskrona AB /Stockholm	556882-0772	100	–
Mekonomen Billivet Karlstad AB /Stockholm	559149-9297	100	–
Mekonomen Billivet Kiruna AB /Stockholm	559118-0616	100	–
Mekonomen Billivet Lidingö AB /Stockholm	559149-9289	100	–
Mekonomen BilLivet Ljungby AB /Stockholm	559118-0582	100	–
Mekonomen Billivet Norremark AB /Stockholm	559116-8694	100	–
Mekonomen Billivet Nybro AB /Stockholm	559149-9388	100	–
Mekonomen Billivet Nödinge AB /Stockholm	559123-7432	100	–
Mekonomen BilLivet Skellefteå AB /Stockholm	559118-0590	100	–
Mekonomen Billivet Strömstad AB /Stockholm	559123-7382	100	–
Mekonomen BilLivet Södertälje AB /Stockholm	556882-0939	100	–
Mekonomen BilLivet Täby AB /Stockholm	556882-0962	100	–
Mekonomen BilLivet Uddevalla AB /Stockholm	559164-2722	100	–
Mekonomen Billivet Värnamo AB /Stockholm	559123-7705	100	–
Mekonomen BilLivet Växjö AB /Stockholm	559118-0574	100	–
Mekonomen BilLivet Åkersberga AB /Stockholm	556819-5019	100	–
Mekonomen BilLivet Älmhult AB /Stockholm	559115-9461	100	–
Mekonomen Bollnäs AB /Bollnäs	556827-3675	91	1
Mekonomen Charlottenberg AB /Stockholm	559337-3656	100	–
Mekonomen E-handel AB /Stockholm	556882-0947	100	–
Mekonomen Eklanda AB /Gothenburg	556887-1999	51	1
Mekonomen Enköping AB /Enköping	556264-2636	91	1
Mekonomen Falkenberg AB /Falkenberg	556213-1622	100	–
Mekonomen Fleet AB /Stockholm	556720-6031	100	–
Mekonomen Göteborg AB /Gothenburg	556887-2294	51	3
Mekonomen Hedemora AB /Hedemora	556308-8011	91	1
Mekonomen Hässleholm AB /Hässleholm	556678-0622	91	1
Mekonomen Järfälla AB /Järfälla	556580-2351	95	2
Mekonomen Jönköping AB /Jönköping	556786-9457	91	1
Mekonomen Karlskoga AB /Uppsala	556821-6062	91	1
Mekonomen Kramfors AB /Kramfors	556496-1810	91	1
Mekonomen Kungsbacka AB /Kungsbacka	556887-2336	51	1
Mekonomen Kungshamn AB /Sotenäs	559101-6257	80	1
Mekonomen Ludvika AB /Ludvika	556470-4210	91	1
Mekonomen Lund AB /Lund	556531-0108	91	1
Mekonomen Norrtälje AB /Stockholm	556178-9719	60	1
Mekonomen Osby AB /Osby	556408-8044	91	1
Mekonomen Umeå AB /Umeå	556483-3084	95	1
Mekonomen Varberg AB /Varberg	556261-0161	75	1
Mekonomen Verkstadscenter Älvsjö AB / Huddinge	556192-0314	91	1
Mekonomen Vetlanda AB /Vetlanda	556653-4219	91	1
Mekonomen Västerås AB /Stockholm	559337-3672	91	1
Mekonomen Örebro AB /Örebro	556216-4250	91	1
Mekonomen Örebro Bista AB /Örebro	556389-4095	91	1
Mekonomen Örkelljunga AB /Örkelljunga	559213-8316	75	1
Mekonomen Örnsköldsvik AB /Örnsköldsvik	556465-6287	51	1
Mekster AB /Stockholm	556917-2595	100	–
Speedy Bilservice Högsbo AB /Malmö	556909-4906	100	–
Speedy Bilservice Katrinelund AB /Malmö	556882-0954	100	–
Speedy Bilservice Mölndal AB /Mölndal	559004-5711	91	–
Speedy Bilservice på Limhamn AB /Malmö	559097-7970	100	–
Speedy Bilservice Solna AB /Malmö	556953-2434	91	–
			115

NOTE 27 PARTICIPATIONS IN GROUP COMPANIES, CONT.

Indirect participations in subsidiaries Company name/domicile	Corporate identity number	Share of equity, %	Number of branches
SØRENSEN OG BALCHEN			
Askim Bilrekvisita AS /Askim	885,049,702	100	2
Autoproducts AS /Tiller	995,080,125	50	1
Bilartikler AS /Fredrikstad	921,462,867	60	3
Bilutstyr Arendal AS /Arendal	961,171,067	100	1
Bilvarehusene Nor AS /Oslo	880,553,852	100	8
Bilvarehusene Sør AS /Oslo	887,813,752	100	5
BilXtra AS /Oslo	983,032,133	100	5
BilXtra Autogården Kongsberg AS /Kongsberg	914,746,345	92.5	–
BilXtra Orkanger AS /Orkanger	994,533,320	66.67	1
BilXtra Skøyen AS /Oslo	916,795,521	100	–
DINDEL NORWAY AS /Oslo	913,284,607	100	–
Høistad Bildeler AS /Lillehammer	981,015,142	100	1
Jahre Motor Hamar AS /Hamar	935,614,031	100	1
Rogaland Rekvisita AS /Stavanger	936,043,119	100	3
Rønneberg Auto Industri AS /Ålesund	981,015,150	100	6
Vest Bilutstyr AS /Kokstad	980,281,450	100	2
			39
OTHER SEGMENTS			
Name of company/registered office, Norway			
Lasingoo Norge AS /Trollåsen	914,835,585	100	–
ProMeister Solutions AS /Gjøvik	917,100,462	100	–
Name of company/registered office, Sweden			
ProMeister Solutions AB /Malmö	559034-6929	100	–
ProMeister Verkstad AB /Stockholm	559149-9347	100	–
			0
TOTAL NUMBER OF BRANCHES			**401**

Including the Parent Company, Mekonomen Group comprises a total of 138 companies, 401 proprietary branches and 83 proprietary workshops. Currently, 18 wholly owned companies run 364 branches and 31 partly owned companies run 37 branches. Furthermore, 32 wholly owned companies run 69 car workshops and 14 partly owned companies run 14 workshops.

The Group has no subsidiary with minority part-owners that is of individual significance to Mekonomen Group.

NOTE 28 EQUITY

A specification of changes to shareholders' equity can be found in the statement of changes in consolidated and Parent Company's shareholders' equity, see pages 55 and 59, respectively.

Share capital and number of shares

	Group	
Total number of shares	2021	2020
At 1 January	56,416,622	56,416,622
At 31 December	**56,416,622**	**56,416,622**

	Group	
Treasury shares	2021	2020
At 1 January	93,250	93,250
At 31 December	**93,250**	**93,250**

	Group	
Number of outstanding shares[1]	31 Dec. 2021	31 Dec. 2020
Total number of shares	56,416,622	56,416,622
Treasury shares	–93,250	–93,250
Shares hedged through share swaps	–340,000	
Total	**55,983,372**	**56,323,372**

1. There was no dilution effect from the number of shares as of 31 December 2021 and 31 December 2020, respectively.

	Group	
Share capital, SEK	2021	2020
At 1 January	141,041,555	141,041,555
At 31 December	**141,041,555**	**141,041,555**
Quotient value per share, SEK	**2.50**	**2.50**

	Group	
Earnings per share attributable to Parent Company's shareholders	31 Dec. 2021	31 Dec. 2020
Average number of shares[1]	56,049,728	56,323,372
Profit for the year attributable to the Parent Company's shareholders, SEK M	572	432
Earnings per share, SEK	**10.21**	**7.67**

1. No dilution is applicable. For further information on data per share, refer to pages 30–31.

Other capital contributions

Other capital contributions included contributions the company received from shareholders and which are not recognized as share capital.

Other capital contributions	
Opening balance on 1 January 2020	2,993
Closing balance on 31 December 2020	2,993
Opening balance on 1 January 2021	2,993
Closing balance on 31 December 2021	2,993

Reserves

The item consists of translation differences attributable to the translation of foreign subsidiaries and related hedges of equity in accordance with IAS 21 and cash-flow hedges as shown in the following table:

NOTE 28 EQUITY, CONT.

Reserves	Translation differences[1)]	Hedges	Total
Opening balance on 1 January 2020	**–226**	**–7**	**–232**
Exchange-rate differences on translation of foreign subsidiaries	–299	–	–299
Loan reduction against net investment[1)]	137	–	137
Cash-flow hedging[2)]	–	–5	–5
Tax recognized directly against equity	–18	1	–17
Closing balance on 31 December 2020	**–406**	**–11**	**–416**
Opening balance on 1 January 2021	**–406**	**–11**	**–416**
Exchange-rate differences on translation of foreign subsidiaries	152	–	152
Loan reduction against net investment[1)]	–75	–	–75
Cash-flow hedging[2)]	–	11	11
Tax recognized directly against equity	14	–2	12
Closing balance on 31 December 2021	**–315**	**–2**	**–317**

1. Loans raised in EUR in connection with acquisitions in Denmark in 2018 hedge the currency risk in the net investments and loans converted to NOK in 2019 to the first part of the first quarter of 2021 and cross-currency swap in the first quarter of 2021 hedge the 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, valued according to level 2 defined in IFRS 13.

Profit brought forward

The profit brought forward item corresponds to the accumulated profits and losses generated in total in the Group.

Profit brought forward	
Opening balance on 1 January 2020	**1,401**
Comprehensive income for the year:	
Earnings for the year	432
Actuarial gains and losses	5
Comprehensive income for the year	**437**
Share swap	–18
Share-savings programme	2
Acquisition/divestment of non-controlling interests	–11
Closing balance on 31 December 2020	**1,809**
Opening balance on 1 January 2021	**1,809**
Comprehensive income for the year:	
Earnings for the year	572
Actuarial gains and losses	–3
Comprehensive income for the year	**569**
Share swap	–20
Share-savings programme	7
Acquisition/divestment of non-controlling interests	–9
Closing balance on 31 December 2021	**2,356**

Dividend to Parent Company's shareholders

The Board of Directors proposes a dividend of SEK 3.00 per share (0.00), leading to a total dividend of SEK 168,970,116 (0).

Proposed appropriation of profit – Parent Company

The following profit is at the disposal of the Annual General Meeting, SEK 000s:	
Profit brought forward	5,513,006
Profit for the year	590,194
Total	**6,103,200**

The Board of Directors proposes that profits be appropriated as follows:	
Dividend to shareholders (SEK 3.00 per share)[1]	168,970
To be carried forward[1]	5,934,230
Total	**6,103,200**

1. Of the amount paid, 1,020 will be repaid to Mekonomen AB as a result of 340,000 hedged shares through share swaps.
2. The amount that is carried forward will increase by 1,020 as a result of dividends that will be repaid for 340,000 hedged shares through share swaps.

NOTE 29 CAPITAL

Mekonomen Group manages its capital to ensure that the units in the Group are able to continue operating, while dividends to shareholders are maximized through a sound balance between liabilities and shareholders' equity. The Group's capital comprises shareholders' equity, as well as short and long-term borrowing. The proportions of shareholders' equity and changes during the year are described in the changes in consolidated shareholders' equity on page 55 and Note 28 Shareholders' equity.

At least once per year, the Board reviews the capital structure and takes this into account when making decisions on, for example, dividends or raising new loans.

The key figure the Group Management Team and the Board primarily assesses regarding capital structure is net debt relative to EBITDA. This key figure is continuously followed up in the internal reporting to the Group Management Team and the Board. Mekonomen Group's financial targets include that net debt (adjusted for IFRS 16)/EBITDA shall be between 2.0 and 3.0 over the long term. For further information on Mekonomen Group's financial targets, see page 16–17 and for further information on the Group's key figures, see the section of the Five-year summary on page 92–94.

NOTE 30 SUPPLEMENTAL DISCLOSURES ON THE CASH FLOW STATEMENT

	Group		Parent Company	
Adjustments for non-cash items in operating activities	2021	2020	2021	2020
Depreciation/Amortization	804	817	0	0
Impairment of right-of-use assets	2	19	–	–
Impairment of financial fixed assets	9	1	–	–
Impairment of inventories	–	6	–	–
Other provisions	2	6	0	0
Capital gain/loss from divestment/disposal of fixed assets	–1	16	–	–
Capital gain/loss from divestment of operations	2	–	–	–
Exchange gains/losses	2	7	63	–79
Capitalized interest income	–	–	–5	–7
Interest expense, IFRS 16	20	20	–	–
Period-allocated loan raising expenses	12	6	12	6
Other items not affecting liquidity	8	1	14	0
Total	**859**	**898**	**85**	**–81**

		Cash flow		Non-cash items					
Change in liabilities with cash flows in financing activities, Group	Opening balance, 1 January 2021	Loans raised/ repaid	Amortization leasing[1)]	Increase of lease liabilities[1)]	Exchange-rate effect	Period-allocated loan raising expenses	Change in fair value	Other non-cash changes	Closing balance, 31 December 2021
Bond loans		1,239			–	4			1,243
Liabilities to credit institutions	3,093	–1,253	–	–	63	8	–	–	1,912
Lease liabilities	1,601	–	–492	501	39	–	–	–	1,648
Share swaps	18	–	–	–	–	–	–	2	20
Derivative interest-rate swaps and cross-currency swap	12	–	–	–	–	–	5	–	17
Total	**4,724**	**–1,253**	**–492**	**501**	**102**	**8**	**5**	**2**	**4,841**

		Cash flow		Non-cash items					
Change in liabilities with cash flows in financing activities, Group	Opening balance, 1 January 2020	Loans raised/ repaid	Amortization leasing[1)]	Increase of lease liabilities[1)]	Exchange-rate effect	Period-allocated loan raising expenses	Change in fair value	Other non-cash changes	Closing balance, 31 December 2020
Liabilities to credit institutions	4,064	–839	–	–	–136	4	–	–	3,093
Lease liabilities	1,780	–	–487	379	–70	–	–	–	1,601
Share swap	–	–	–	–	–	–	–	18	18
Derivatives, interest-rate swaps	10	–	–	–	–	–	2	–	12
Total	**5,853**	**–839**	**–487**	**379**	**–206**	**4**	**2**	**18**	**4,724**

1. The implementation of IFRS 16 from 1 January 2019 meant that the lease liabilities increased without entailing a cash flow. The transition effect as per 1 January 2019 is reported separately in the table above. Continuous repayments of the lease liabilities (part of rental payments) are classified as cash flows in financing activities. The current year's increase in lease liabilities as a result of new leases, etc. is not classified as cash flow, however.

NOTE 31 EFFECTS OF ACQUISITIONS IMPLEMENTED

Business combinations 2021

Meca/Mekonomen acquired a workshop in Karlstad, a previous partner branch in Vetlanda, Sweden and a partner branch in Bergen, Norway and Sørensen og Balchen acquired a workshop in Drammen, Norway. MECA/Mekonomen also established a new branch in Gjøvik, Norway, Sørensen og Balchen established a branch in Stavanger, Norway and Inter-Team established two branches in Tychy and Oddział, Poland. FTZ acquired 70 per cent of Vantage in Denmark, which is active in oil.

The impact of all acquisitions on consolidated sales and earnings was marginal.

Information on corporate acquisitions is provided in aggregate form since each individual acquisition is not deemed to be of such a size as to warrant separate recognition. All acquisitions were paid in cash.

Acquisitions in 2021	Total acquisitions
Value of acquired assets and liabilities	
Tangible fixed assets	1
Inventories	17
Current receivables	12
Cash and cash equivalents	5
Current liabilities	–19
Acquired net assets	**15**
IT systems	9
Customer relations	5
Goodwill	16
Deferred tax liabilities	–3
Acquired non-controlling interests, surplus value recognized against shareholders' equity	21
Total identifiable net assets and goodwill	**63**
Total purchase price	–63
– of which, cash portion	–61
– of which supplementary purchase considerations entered as liabilities	–2
Cash and cash equivalents in the acquired companies	5
Plus paid supplementary purchase considerations regarding earlier years	–4
Impact on Group's cash and cash equivalents	**–60**

Acquired subsidiaries/ operations 2021	Country	Acquisition date	Participating interest and share of voting rights	Object
Branch, Vetlanda – MECA/Mekonomen	Sweden	Quarter 1	100	Assets and liabilities
Branch, Bergen – MECA/Mekonomen	Norway	Quarter 2	100	Assets and liabilities
Branch, Drammen/Oslo – Sørensen og Balchen	Norway	Quarter 2	100	Assets and liabilities
Workshop, Karlstad – MECA/Mekonomen	Sweden	Quarter 3	100	Assets and liabilities
Vantage active in oil – FTZ	Denmark	Quarter 4	70	Equities

Business combinations 2020

MECA/Mekonomen made a number of acquisitions during the year. In Sweden, five branches were acquired in Kalix, Boden, Järfälla, Linköping and Finspång and 75 per cent of a branch in Örkelljunga was acquired. Four of these acquired branches were previously partner branches. In Norway, 51 per cent of Tores Auto AS was acquired, which includes 7 workshops, all of which are located in the Bergen region, and a workshop outside Oslo was acquired. Sørensen og Balchen acquired one workshop in the Oslo area in Norway.

MECA/Mekonomen acquired a further 35 per cent in Allt i Bil Västra Sverige AB, 25 per cent in Mekonomen Tønsberg AS and 25 per cent in Mekonomen Mariestad AB so that these are now wholly owned companies and further participations in Mekster AB, where the total ownership is now 75 per cent.

The impact of all acquisitions on consolidated sales and earnings was marginal.

Information on corporate acquisitions is provided in aggregate form since each individual acquisition is not deemed to be of such a size as to warrant separate recognition. All acquisitions were paid in cash.

Acquisitions in 2020	Total acquisitions
Value of acquired assets and liabilities	
Tangible fixed assets	7
Inventories	8
Current receivables	5
Cash and cash equivalents	12
Current liabilities	–22
Acquired net assets	**11**
Customer relations	47
Goodwill	25
Deferred tax liabilities	–8
Acquired non-controlling interests, surplus value recognized against shareholders' equity	–13
Total identifiable net assets and goodwill	**63**
Total purchase price	–63
– of which, cash portion	–58
– of which supplementary purchase considerations entered as liabilities	–5
Cash and cash equivalents in the acquired companies	12
Plus paid supplementary purchase considerations regarding earlier years	–2
Impact on Group's cash and cash equivalents	**–48**

Acquired subsidiaries/ operations 2020	Country	Acquisition date	Participating interest and share of voting rights	Object
Branches, Kalix, Boden, Järfälla, Linköping, – MECA/Mekonomen	Sweden	Quarter 1	100	Assets and liabilities
Branch, Örkelljunga – MECA/Mekonomen	Sweden	Quarter 1	75	Equities
Workshop, Oslo – MECA/Mekonomen	Norway	Quarter 1	100	Assets and liabilities
Tores Auto AS, Bergen area – MECA/Mekonomen	Norway	Quarter 1	51	Equities
Branch, Finnspång – MECA/Mekonomen	Sweden	Quarter 2	100	Assets and liabilities
Workshop, Oslo – Sørensen og Balchen	Norway	Quarter 3	100	Assets and liabilities

NOTE 32 INFORMATION CONCERNING REVENUE AND EXPENSES BETWEEN GROUP COMPANIES

During the year, the Parent Company Mekonomen AB sold products and services to Group companies totalling SEK 47 M (43). Purchases relating to goods and services from Group companies amounted to SEK 46 M (55).

NOTE 33 TRANSACTIONS WITH RELATED PARTIES

In 2021, Mekonomen Group sold goods and services worth SEK 0 M (2) and acquired goods and services worth SEK 0 M (1) from companies where Mekonomen Group has significant influence or joint controlling influence.

Figo AS, which is owned by Frank Bekken, senior executive in Mekonomen Norway, has during the period rented out premises to Mekonomen AS to a value of SEK 3 M (3).

Agreements on goods and services with related parties are made on market-based terms. As of the balance sheet date, receivables from affiliated companies totalled SEK 0 M (0) and liabilities to SEK 0 M (0).

No other transactions with related parties took place. For information on remuneration of senior executives, refer to Note 5.

NOTE 34 EVENTS AFTER THE END OF THE YEAR

The Mekonomen Nomination Committee announced by press release on 10 February 2022 that they are proposing to the AGM on 20 May 2022, the re-election of directors Robert M. Hanser, Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, Helena Skåntorp, and Michael Løve. Robert M. Hanser is proposed to be elected chairman of the board. Learn more about the proposed board members at www.mekonomen.com.

The Mekonomen Board of Directors proposed, in connection with the year end report 2021, that the Annual General Meeting 2022 decide on dividends of SEK 3.00 per share.

Russia's invasion of Ukraine in February 2022 has created great world unrest. The external sanctions against Russia are likely to lead to increased purchase prices, currency effects and a shortage of raw materials that may affect the availability of certain product categories. Mekonomen Group estimates that the availability of the Group's products will continue to be good as a result of wide stocks witin the Group and with suppliers. Price increases to customers have taken place to varying degrees in our markets during the first quarter of 2022, to balance increased purchase prices. Although it is not yet possible to fully predict the impact that the war will have on the Group's business, Mekonomen Group believes that the company's strong financial position and continued strong demand for products will contribute to a stable development.

On 21 February, Mekonomen Group announced that the Group's Danish business area FTZ will build a new high-tech automated central warehouse with head office and training academy outside Odense. The initiative aims to further strengthen competitiveness and strengthen Mekonomen Group's already leading position in Denmark. The new facility will be completed in 2024.

On 10 March, 2022, Mekonomen Group announced the acquisition of 20.5 percent of the Swedish service company Omnicar Holding AB, which offers mobile car service and digital sales of electric cars. Today, Omnicar's services are offered in Denmark with planned establishment also in Sweden and Norway. Mobile workshop services are a fast growing trend that is appreciated by both companies and individuals.

Beyond above, no significant events have occurred after the accounting year's expiration

NOTE 35 APPROVAL OF ANNUAL REPORT

The Annual Report and consolidated financial statements were approved for issue by the Board on 5 April 2022. The consolidated income statement, statement of comprehensive income and balance sheet and the Parent Company's income statement, statement of comprehensive income and balance sheet will be subject to approval by the Annual General Meeting on 20 May 2022.

NOTE 36 FINANCIAL RISKS

Through its operations, Mekonomen Group is exposed to currency, credit, interest-rate, financing and liquidity risks. The management of these risks is regulated in the finance policy adopted by the Board. Credit risk relating to customer commitments is managed, according to central frameworks, decentralized locally. Other risks are mainly managed centrally by the Group's Treasury unit.

Currency risk

Currency risks occur when currency fluctuations have a negative impact on the Group's earnings and shareholders' equity. Currency exposure arises in connection with cash flows in foreign currencies (transaction exposure), as well as in translation of loans/receivables in foreign currencies and in the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure).

In 2021, currency fluctuations had a positive impact on the Group's profit before tax totalling SEK 2 M (negative: 19). The most important currency in terms of transaction exposure is EUR, which represents 41 per cent (45) of goods purchases in the Group, as well as NOK pertaining to internal sales from the wholesale company in Sweden to companies in the Group in Norway. NOK, DKK and PLN are the most important currencies regarding translation exposure. The handling of currency risks is regulated in the finance policy. The Group can hedge operating cash flows with a hedging period of between 1 and 12 months.

The Group has a number of holdings in foreign operations, the net assets of which are exposed to currency risks, mainly in NOK, DKK and PLN. The main rule for this kind of currency exposure is to currency hedge it by raising loans or derivatives in the same currency as the asset. The Group hedge accounts net investments of foreign operations in NOK by classifying a cross-currency swap in NOK as a hedging instrument. There is also a currency hedge of net assets in DKK through loans in EUR that have been classified as hedging instruments. This forms an effective hedge as a result of the strong connection between the exchange rates SEK/EUR and SEK/DKK since DKK is closely linked to EUR. The translations of the loan and the cross-currency swap at the closing day rate are recognized in other comprehensive income and meet the restatement of the net assets in these currencies. For more information on currency exposure, refer also to the sensitivity analysis section in the Administration Report.

Credit risk

The Group's financial transactions give rise to credit risks in relation to financial counterparties. Credit risks or counterparty risks refer to the risk of loss if the counterparty does not fulfil its commitments. Mekonomen Group's credit risks primarily comprise accounts receivable, which are distributed over a large number of counterparties and a small portion of long-term hire-purchase contracts. For each new customer, or in the event an existing customer wants to increase the credit limit, a credit rating is conducted according to the Group's established policies. The maximum credit risk corresponds to the carrying amount of financial assets. Specifications of changes to the credit loss reserve of accounts receivable for the year and long-term hire-purchase contracts are found in Notes 17 and 19.

Interest-rate risk

Interest-rate risks refer to the risk that changes in market interest rates will have a negative impact on the Group's net interest expense. The rate at which interest rate changes affect the net interest expense depends on the period of fixed interest for the loan. According to the finance policy, the fixed-interest period is normally to be 24 months, with an exception mandate of +12/–18 months.

As per 31 December 2021, Mekonomen's net debt is SEK 2,264 M (2,673). A fixed-interest period is available with a term of less than one year. In addition to this, there are interest-rate swaps of EUR 60.75 M falling due in March 2022, EUR 60.75 M falling due in August 2023 and SEK 500 M falling due in 2024 to hedge the cash flow in the loans Mekonomen AB has. The swaps lead to Mekonomen receiving variable interest and paying fixed interest.

The Group has classified the interest-rate swaps as hedging instruments in a cash flow hedge of future interest payments. Mekonomen measures the effectiveness of the hedging relationship on each reporting occasion. The interest rate swap and the loan have the same currency, interest base (EURIBOR 3M and NIBOR 3M) and interest translation date, and the loan volume is not below the interest-rate swap's nominal amount whereby there is a strong financial link between the loan and the interest-rate swap. See also the table in the Sensitivity analysis section of the Administration Report.

NOTE 36 FINANCIAL RISKS, CONT.

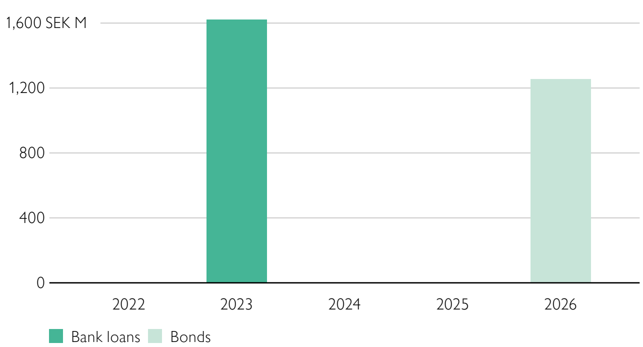
Financing and liquidity risks

Financing risk is seen as the risk of the cost being higher and financing opportunities limited when loans are renewed and payment obligations cannot be met as a result of insufficient liquidity or difficulties in securing financing. According to the finance policy, refinancing risks are to be managed by signing long-term and flexible credit agreements.

As per 31 December 2021, the Group's total loan financing excluding IFRS 16 Leases amounted to SEK 3,155 M (3,093), of which the long-term portion is SEK 2,958 M (2,709). The Group's borrowing from banks is subject to certain conditions, known as covenants, all of which Mekonomen AB meets. The conditions include an owner change clause that becomes current upon an owner change in excess of 50 per cent or upon a delisting. During the year, the company issued a new bond of SEK 1,250 M that runs until 2026 and signed a new RCF agreement of SEK 800 M that runs until 2024, with the possibility of being extended for a maximum of two years. At the same time that the new RCF agreement was signed and the bond was issued, the earlier RCF agreement was terminated and repaid.

See the maturity structure in addition to amortization according to plan in the graph below:

MEKONOMEN GROUP'S EXTERNAL LOANS WITHOUT BACKUP FACILITIES AS PER 31 DECEMBER 2021.



Repayments of loans take place in an amount of EUR 20 M (SEK 205 M) per year. In addition, the Group has overdraft facilities totalling SEK 320 M (521). The Group's cash and cash equivalents are invested short term and any excess liquidity is to primarily be used for amortizing loans. According to the finance policy, investments may be made in SEK, NOK and EUR.

Investments may be made with or in securities issued by the Swedish Government or Swedish and foreign banks with at least an A rating, according to the definition of Standard & Poor's (S&P) and in liquid fixed income funds with short investment horizons.

In the second quarter of 2021, an extra principal repayment of EUR 5 M was made. The extra repayment was made in the same amount as the principal repayment postponed in the first quarter of 2020. Mekonomen's available cash and unutilized credit facilities were around SEK 2,012 M at the end of December.

Fair value

No financial assets or liabilities were recognized at a value that significantly deviated from fair value.

Ineffectiveness in hedge accounting

For all hedging relationships, the effectiveness is evaluated. The relationship between the hedged item and the hedging instrument is evaluated continuously to ensure that the relationship meets the requirements to be able to apply hedge accounting. The Group matches the critical conditions in the hedged item with corresponding conditions in the hedging instrument. For cash flow hedges of interest-rate risk, the Group enters into interest-rate swaps that have the same critical conditions as the hedged item. Critical conditions can be reference rate, interest translation dates, payment dates, due dates and nominal amounts. The Group does not hedge 100% of the loans and therefore identified only the part of the outstanding loans that are matched by the swaps' nominal amounts. In addition, the credit risk at Mekonomen and the counterparty does not significantly affect the measurement of the interest-rate swaps, which makes the hedge effective. The hedge ratio is 1:1. Effects of reference rate reforms may have an impact on the hedge's effectiveness, but these effects are deemed to not be material.

For hedges of net investments of foreign operations in Norway (NOK) and Denmark (DKK), ineffectiveness arises as a result of EUR loans being used to currency hedge net investments in DKK. As the currencies are closely linked, the discrepancy that arises is not deemed to be material. Other possible source of ineffectiveness in the hedging relationships is if the hedged items, net investment in DKK and NOK, were to suddenly decrease since it would lead to the part of the loan classified as a hedging instrument exceeding the equity in DKK and NOK. The hedge ratio in the relationship is 1:1, which means that net investments in DKK and NOK, respectively, and loans in EUR and cross-currency swap in NOK, respectively, are equal. If changed conditions affect the condition for the hedged item in such an extent that the critical conditions no longer match the hedging instrument's critical conditions, the Group uses the hypothetical derivative method to evaluate effectiveness.

No ineffectiveness has been reported in the results in 2020 or 2021.

Hedge accounting's impact on the Group's financial position and performance

	Group	
Translation of net assets in foreign currencies	2021	2020
Carrying amount, hedging instrument, long-term liabilities to credit institutions	SEK 1,923 M	SEK 2,188 M
Nominal amount in EUR, hedging instrument	EUR 188 M	EUR 213 M
Carrying amount in foreign assets	SEK 1,923 M	SEK 2,188 M
Amounts in DKK	DKK 1,398 M	DKK 1,590 M
Hedge ratio	1:1	1:1
Changes in the loan's carrying amount due to changes in exchange rate	SEK –39 M	SEK +86 M
Changes in value of assets in foreign currency	SEK +39 M	SEK –86 M
Carrying amount, hedging instrument, long-term liabilities to credit institutions	SEK 513 M	SEK 476 M
Nominal amount in NOK, hedging instrument	NOK 500 M	NOK 500 M
Carrying amount in foreign assets	SEK 513 M	SEK 476 M
Amounts in NOK	NOK 500 M	NOK 500 M
Hedge ratio	1:1	1:1
Changes in the loan's carrying amount due to changes in exchange rate	SEK –35 M	SEK +52 M
Changes in value of assets in foreign currency	SEK +35 M	SEK –52 M

NOTE 36 FINANCIAL RISKS, CONT.

Cash flow hedges of interest-rate risk	Group	
	2021	2020
Carrying amount, hedging instrument	SEK –1 M	SEK –12 M
Nominal amount	SEK 1,743 M (2 x EUR 60.75 M + NOK 500 M)	SEK 1,506 M (2 x EUR 60.75 M + NOK 300 M)
Due date	2022, 2023 and 2024	2022 and 2023
Hedge ratio	1:1	1:1
Value changes for outstanding derivative instruments	SEK 6 M	SEK –4 M
Value changes of the hedged item	SEK –6 M	SEK 4 M

Mekonomen's impact on the uncertainty in future cash flows is presented by the table below (SEK M):

Due date for nominal amount, 2021	Within 1 year	1–3 years	4–5 years	More than 5 years
Nominal amount[1]	621	1,121		
Average hedged fixed interest	0.14%	0.28%		

Due date for nominal amount, 2020	Within 1 year	1–3 years	4–5 years	More than 5 years
Nominal amount[1]		1,506		
Average hedged fixed interest		0.53%		

1. Nominal amounts per currency: 0–3 years consist of EUR 121.5 M and NOK 500 M. The entire amount may be affected by IBOR reforms.

For impact on comprehensive income and reserves in equity, see Note 28 Equity.

The Board of Directors and CEO hereby certify that the Annual Report, including sustainability report, was prepared in accordance with the Annual Accounts Act and RFR 2 and provides a true and fair view of the company's financial position and earnings and that the Administration Report provides a true and fair view of the performance of the company's operations, position and earnings and describes significant risks and uncertainty factors faced by the company.

The Board of Directors and CEO hereby certify that the consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), as approved by the EU, and provide a true and fair view of the Group's financial position and earnings and that the Administration Report for the Group provides a true and fair view of the performance of the Group's operations, position and earnings and describes significant risks and uncertainty factors faced by the companies included in the Group.

Stockholm, 5 April 2022

Robert M. Hanser
Chairman of the Board

Helena Skåntorp
Executive Vice Chairman

Eivor Andersson
Board member

Kenny Bräck
Board member

Joseph M. Holsten
Board member

Magnus Håkansson
Board member

Michael Løve
Board member

Pehr Oscarsson
President and CEO

Our Auditors' Report was submitted on 5 April 2022
PricewaterhouseCoopers AB

Linda Corneliusson
Authorized Public Accountant
Auditor-in-Charge

TO THE GENERAL MEETING OF MEKONOMEN AB (PUBL), CORP. ID NO. 556392-1971

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Mekonomen AB (publ) for the year 2021 except for the corporate governance statement on pages 43–52. The annual accounts and consolidated accounts of the company are included on pages 33–88 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act.

The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 43-52. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis of the opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Existence and valuation of inventory	
We refer to Note 1 Accounting policies, Note 2 Significant estimates and assessments and Note 18 Inventory. In Mekonomen Group, inventory, which consists of spare parts and car accessories, constitutes a significant part of the Group's assets. Inventory amounts to MSEK 3,021 as of December 31, 2021. With the aim of offering rapid deliveries and being close to the customers, there are a large number of branches represented in Mekonomen Group's four business areas. In addition, there are a number of central and regional warehouses in Sweden, Denmark, Norway, Poland and Finland. Inventory is measured according to the lower of cost and net realizable value. To ensure the existence of inventory, Mekonomen Group performs inventory counts at the various inventory locations during the year. The value of the inventory is affected by such factors as purchase prices and obsolescence. Purchase prices are in turn affected by agreements with various suppliers with regard to discounts and purchase bonuses, which are based on achieved purchase volumes. Inventory is a key audit matter in our audit as it is associated with estimates and judgments mainly related to obsolescence and volume bonuses.	In the inventory process, there are controls that the business performs to ensure correct reporting. We have mapped the routines for inventory transactions and accounting. In addition, detailed testing was done of a selection of products i inventory for goods for resale to check the purchase price against invoice. Furthermore, we have conducted an analysis of the company's assessment of the net realizable value. For some of the Group's central warehouses, data analyzes are also being done, meaning that all inventory transactions are sorted and analyzed in accordance with predetermined parameters. We also assessed the Group's model for obsolescence calculation and reviewed its application. In addition, we have made inquiries with regards to management's assessment of effects from covid-19. In order to ensure the inventory's existence and its condition, we also participate in a selection of stock takes that Mekonomen Group performs. We also conduct our own stock takes in some warehousing locations. In addition, we assessed the adequacy of the disclosures provided in the annual report and consolidated financial statements.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of goodwill and intangible assets with indefinite useful life	
We refer to Note 1 Accounting policies, Note 2 Significant estimates and assessments and Note 12 Intangible fixed assets Goodwill constitutes a significant part of Mekonomen Group's total assets and amounts to MSEK 3,761 as per December 31, 2021, which represents around 30 per cent of the total assets. Acquired brands attributable to the acquisitions of Sørensen og Balchen, MECA, FTZ and Inter-Team have been assessed to have an indefinite useful life and amount to MSEK 853 as of the same point in time. Impairment testing of goodwill and other intangible assets with indefinite useful lives takes place in the fourth quarter annually or more frequently if there are indications of impairment. The recoverable amount for a cash-generating unit is established based on calculations of the value in use. The value in use is the present value of the estimated future cash flows. Calculated value in use is sensitive to changes in assumptions for the sales growth rate, EBITDA margin and the relevant discount rate (WACC, Weighted Average Cost of Capital), which is used to discount future cash flows. As goodwill and assets with indefinite useful lives are subject to the management's assessments and judgment and as the items are significant, we assessed the risk for impairment requirements as a key audit matter.	We have verified that the forecasted cash flows included in the impairment test for the next year are based on the recurring budgets and forecasts prepared by management. We have reconciled that the assumptions used for the first years of the forecast are consistent with management's strategic plans and intentions. And we have evaluated the long-term margin and growth rate that the company uses to forecast cash flows beyond the first five-year period. In addition, we have made inquiries with regards to management's assessment of effects from covid-19. Our tests of the discount rate used for calculation purposes, included an assessment of whether the discount rate reflects the specific and general risks related to the cash generating unit. We have been able to reconcile the data in the calculation to independent external sources and validated that the composition of the discount rate is consistent with established theory and working practices. We have also evaluated the company's analysis of the sensitivity in the valuation of changes in significant parameters that could lead to impairment. In addition, we assessed the adequacy of the disclosures provided in the annual report and consolidated financial statements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–32, 92–95, 108–110. Other Information consists of information about Mekonomen Group and information about the Board of Directors, Group management,Sustainability and key ratios definitions. The Board of Directors and the Managing Director are responsible for this other information.

The information in "Remuneration report Mekonomen 2021", which is published on the company's website at the same time as this report, is also defined as other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Directors responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Mekonomen AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for ensuring that the corporate governance statement on pages 43-52 has been prepared in accordance with the Annual Accounts Act. Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions. A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also performed a reasonable assurance engagement that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Mekonomen AB (publ) for the financial year 2021.

Our reasonable assurance engagement and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the reasonable assurance engagement in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Mekonomen AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

PricewaterhouseCoopers AB, Torsgatan 21, was appointed auditor of Mekonomen AB (publ) by the general meeting of the shareholders on the 7 May 2021 and has been the company's auditor since the 8 april 2014.

Stockholm 5 April 2022
PricewaterhouseCoopers AB

Linda Corneliusson
Authorized Public Accountant

FIVE YEARS IN SUMMARY

The tables below present financial information in summary for the financial years 2017-2021. As of 1 January 2019, the Group applies IFRS 16 Leases. The comparative figures for 2017-2018 have not been restated as the Group applied the future-oriented method in the implementation of IFRS 16.

Income statements, SEK M	2021	2020	2019	2018	2017
Net sales	12,309	11,511	11,842	7,779	5,850
Other revenue	243	253	174	172	150
Goods for resale	–6,709	–6,318	–6,535	–3,901	–2,654
Other operating expenses	–4,143	–3,871	–3,951	–3,413	–2,635
EBITDA	**1,699**	**1,574**	**1,531**	**637**	**710**
Depreciation/amortization and impairment of tangible fixed assets and right-of-use assets	–582	–606	–611	–84	–60
EBITA	**1,117**	**968**	**920**	**553**	**649**
Amortization and impairment of intangible fixed assets	–223	–230	–215	–146	–127
Operating profit, EBIT	**894**	**738**	**705**	**407**	**522**
Net financial items	–134	–141	–150	70	–48
Profit after financial items	**759**	**596**	**555**	**477**	**475**
Tax on profit for the year	–172	–150	–134	–209	–107
Profit for the year	**587**	**446**	**421**	**268**	**368**

Balance sheets, SEK M	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018	31 Dec. 2017
Assets					
Intangible fixed assets	5,394	5,410	5,697	5,745	2,686
Other fixed assets	2,184	2,154	2,384	567	409
Inventories	3,021	2,704	2,854	2,816	1,382
Accounts receivable	974	828	855	868	488
Other current assets	764	678	725	662	335
Cash and cash equivalents	892	420	355	205	254
Total assets	**13,229**	**12,193**	**12,870**	**10,863**	**5,554**
Shareholders' equity and liabilities					
Shareholders' equity, Parent Company's shareholders	5,174	4,527	4,303	3,828	2,363
Non-controlling interests	55	68	32	25	16
Long-term liabilities	4,578	4,315	5,104	3,726	1,640
Current liabilities	3,422	3,283	3,431	3,284	1,535
Total shareholders' equity and liabilities	**13,229**	**12,193**	**12,870**	**10,863**	**5,554**

Condensed cash-flow statement, SEK M	2021	2020	2019	2018	2017
Cash flow from operating activities	1,227	1,625	1,142	331	496
Cash flow from investing activities	–201	–186	–199	–4,407	–229
Cash flow from financing activities	–569	–1,339	–798	4,044	–295
Cash flow for the year	**457**	**100**	**146**	**–32**	**–27**

Data per share[1], amounts in SEK per share unless otherwise stated	2021	2020	2019	2018	2017
Profit	10.21	7.67	7.34	6.56	10.05
Cash flow	21.9	28.9	20.3	8.3	13.8
Equity	92.4	80.4	76.4	67.9	65.8
Dividends[2]	3.00	–	–	–	4.46
Share of profit paid, %	–	–	–	–	70
Share price at year-end	157.1	91.1	93.1	91.5	149.3
Share price, highest for the year	182.8	101.1	96.0	166.2	191.0
Share price, lowest for the year	90.1	35.06	60.8	88.4	139.8
Direct yield, %	–	–	–	–	4.7
P/E ratio at year-end, multiple	15.4	11.9	12.7	14.0	14.9
Average number of shares after dilution effects[3]	56,049,728	56,323,372	56,338,824	39,718,604	35,901,487
Number of shares at end of period[4]	56,416,622	56,416,622	56,416,622	56,416,622	35,901,487
Number of shareholders at year-end	11,676	11,728	12,259	12,310	10,707

1. For information on financial definitions, refer to page 108.
2. The Board's proposal for 2021. The dividend for 2017 is restated with the number of shares outstanding as at 31 December 2021, 56,323,372. The actual dividend paid was SEK 7.00 per 35,901,487 shares for 2017.
3. No dilution is applicable.
4. The total number of shares amounts to 56,416,622, of which 93,250 are treasury shares and 340,000 are hedged through share swaps at the end of the period.

Key figures[1]	2021	2020	2019	2018	2017
Sales growth, %	7	-3	52	33	1
Gross margin, %	45	45	45	50	55
EBITDA margin, %[2]	14	13	13	8	12
Adjusted EBIT margin, %	8	8	7	8	10
EBIT margin, %	7	6	6	5	9
Capital employed, SEK M	10,070	9,549	10,195	8,166	4,087
Return on capital employed, %	9	7	7	9	12
Return on shareholders' equity, %	12	10	10	10	16
Return on total capital, %	7	6	6	7	9
Equity/assets ratio, %[3]	40	38	34	35	43
Net debt, SEK M	2,264	2,673	3,709	4,098	1,444
Net debt/EBITDA, excl. IFRS 16 multiple	1.89	2.54	3.68	6.44	2.03
Net debt incl. IFRS 16/EBITDA, multiple	2.30	2.71	3.59	–	–
Average number of employees					
Sweden	1,479	1,419	1,399	1,438	1,365
Denmark[4]	1,125	1,126	1,148	389	–
Norway	1,014	941	931	883	834
Poland[4]	1,472	1,396	1,438	449	–
Other countries	29	30	37	22	31
Group	**5,118**	**4,912**	**4,953**	**3,181**	**2,231**

FIVE YEARS IN SUMMARY (CONT.)

The tables below present financial information in summary for the financial years 2017-2021.

Key figures[1]	2021	2020	2019	2018	2017
Number of branches/of which proprietary					
FTZ – Denmark	**50/50**	**51/51**	**51/51**	**51/51**	**–**
Inter-Team – Poland	**85/83**	**82/79**	**82/79**	**82/79**	**–**
MECA Sweden	76/60	72/60	66/59	61/56	62/52
MECA Norway	25/25	25/25	24/24	24/24	24/24
Mekonomen Sweden	120/109	122/111	129/112	130/112	133/113
Mekonomen Norway	38/34	42/31	42/31	42/31	42/32
Other	19/1	16/2	10/4	13/7	7/3
Total MECA/Mekonomen	**278/229**	**277/229**	**271/230**	**270/230**	**268/224**
Sørensen og Balchen – Norway	**66/39**	**65/37**	**65/37**	**64/36**	**68/39**
Group	**479/401**	**475/396**	**469/397**	**467/396**	**336/263**
Number of affiliated workshops[5]					
AutoMester – Denmark	404	409	421	423	–
Din BilPartner – Denmark	150	152	153	136	–
HELLA Service Partner – Denmark	305	322	331	336	–
CarPeople – Denmark	60	47	38	26	–
Total FTZ[6]	**919**	**930**	**943**	**921**	**–**
O.K. Serwis – Poland	245	211	199	175	–
Inter data service – Poland	546	450	404	290	–
Total Inter-Team	**791**	**661**	**603**	**465**	**–**
Mekonomen Bilverkstad					
Mekonomen Bilverkstad – Sweden	398	397	427	423	434
Mekonomen Bilverkstad – Norway	292	302	335	334	335
Mekonomen Bilverkstad – Finland	78	60	33	23	23
Total	**768**	**759**	**795**	**780**	**792**
MekoPartner					
MekoPartner – Sweden	116	118	126	138	141
MekoPartner – Norway	75	73	82	86	95
Total	**191**	**191**	**208**	**224**	**236**
Speedy					
Speedy – Sweden	43	42	40	39	35
Total	**43**	**42**	**40**	**39**	**35**
MECA Car Service					
MECA Car Service – Sweden	377	392	401	419	425
MECA Car Service – Norway	352	333	308	302	299
Total	**729**	**725**	**709**	**721**	**724**
Allt i Bil					
Allt i Bil – Sweden	7	7	8	8	–
Total	**7**	**7**	**8**	**8**	**–**
MECA Tungbil[6]					
MECA Tungbil – Norway	20	–	–	–	–
Total	**20**	**–**	**–**	**–**	**–**
Total MECA/Mekonomen	**1,758**	**1,724**	**1,760**	**1,772**	**1,787**
BilXtra – Norway	253	253	258	258	258
Total Sørensen og Balchen	**253**	**253**	**258**	**258**	**258**
TOTAL NUMBER OF AFFILIATED WORKSHOPS IN THE GROUP	**3,721**	**3,568**	**3,564**	**3,416**	**2,045**

1. For information on financial definitions, refer to page 108.
2. The EBITDA margin has changed materially as a result of IFRS 16, which is applied as of 2019; the EBITDA margin excluding IFRS 16 amounted to 9.5 for 2021 and 8.9 for 2020.
3. The equity/assets ratio has changed as a result of IFRS 16, which is applied as of 2019; the equity/assets ratio excluding IFRS 16 amounted to 45.3 per cent at 31 December 2021 and 43.4 per cent at 31 December 2020.
4. The average number of employees in 2018 is calculated for the period 3 September – 31 December 2018.
5. Includes 83 (84) proprietary workshops operated under our brands.
6. MECA Tungbil was added as a concept in Q1 2021.

QUARTERLY OVERVIEW

SEK M	2021					2020				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales[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	5,857	1499	1,382	1,516	1,460	5,326	1,358	1,310	1,334	1,324
Sørensen og Balchen	873	207	211	239	215	791	187	210	221	172
Central functions[2)]	7	6	1	1	1	37	11	10	8	8
Group	**12,309**	**3,129**	**2,968**	**3,210**	**3,001**	**11,511**	**2,879**	**2,863**	**2,894**	**2,874**
EBIT										
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	447	79	137	141	89	354	160	89	100	5
Sørensen og Balchen	185	37	46	57	44	170	34	53	60	23
Central functions[2)]	-51	-16	-11	-13	-11	-49	-10	-18	-9	-13
Other items[3)]	-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	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[4)]										
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	91	35	16	17	23
Sørensen og Balchen	4	0	1	2	1	6	1	1	1	3
Central functions[2)]	7	3	2	1	1	11	5	2	2	2
Group	**173**	**45**	**28**	**49**	**51**	**152**	**55**	**31**	**28**	**38**
Quarterly data, Group[6)]										
Total revenue	12,552	3,218	3,013	3,263	3,058	11,763	3,000	2,899	2,947	2,917
EBITDA	1,699	377	455	480	386	1,574	463	421	426	265
EBITDA excl IFRS 16[7)]	1,197	248	330	354	264	1,052	340	287	289	136
Adjusted EBIT	1,031	203	290	314	224	937	287	270	281	98
EBIT	894	173	255	280	186	738	260	208	211	59
Net financial items	-134	-21	-30	-37	-46	-141	-13	-41	-17	-71
Profit after financial items	759	151	225	243	140	596	247	167	194	-11
Tax	-172	-33	-53	-55	-32	-150	-60	-40	-46	-3
Profit/loss for the period	587	118	173	188	108	446	187	127	148	-15
Gross margin, %	45.5	45.4	46.4	45.5	44.7	45	46	45	45	44
EBITDA margin, %	14	12	15	15	13	13	15	15	14	9
Adjusted EBIT margin, %	8	6	10	10	7	8	10	9	10	3
EBIT margin, %	7	5	8	9	6	6	9	7	7	2
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
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
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
Return on shareholders' equity, %	11.8	11.8	13.6	13.0	12.3	9.8	9.8	7.0	6.8	7.2
Share price at end of period	157.1	157.1	156.0	141.4	129.1	91.1	91.1	93.3	66.0	44.4

1. Net sales for each business area pertain to external customers.
2. The external operations of ProMeister Solutions are recognized in MECA/Mekonomen from 2021. Comparative figures have been restated.
3. "Central functions" include Group-wide functions also including Mekonomen AB.
4. "Other items" include acquisition-related items attributable to Mekonomen AB's direct acquisitions. Current acquisition-related items are the amortization of acquired intangible assets related to the acquisitions of FTZ, Inter-Team and MECA and Sørensen og Balchen through Q2 of 2021.
5. Investments are exclusive of company and business combinations and exclusive of leases according to IFRS 16.
6. For information on financial definitions, refer to page 108.
7. EBITDA excl IFRS 16, see alternative performance measures on page 109.

EU SUSTAINABLE FINANCE TAXONOMY

For the 2021 financial year, the Group must report the economic activities of the company that are included in the taxonomy. This requirement covers large companies of general interest with more than 500 employees, which accordingly includes Mekonomen AB. The report pertains to the environmental objectives of climate change mitigation and climate change adaptation.
Mekonomen has identified activities listed in the delegated act on climate impact mitigation. It is deemed that no activities performed by Mekonomen are listed in the delegated act on climate change adaptation. Assessments and interpretations are based on information and guidance that was publicly available on 31 January 2022.

	Total, SEK M	Share of economic activities covered by the taxonomy, %	Share of economic activities not covered by the taxonomy, %
Total revenue	12,552	0.1%	99.9%
Capital expenditure	714	0.2%	99.8%
Operating expenses	68	1.0%	99.0%

Calculation of total revenue, operating expenses and capital expenditure
The total revenues is based on our consolidated net sales as described on page 53 of the 2021 Annual Report. Total capital expenditure comprises the investments for the year of tangible and intangible fixed assets during the financial year, which are defined in Notes 12-15 of the 2021 Annual Report. Total operating expenses consist of direct non-capitalized expenses related to building renovations, short-term leases, maintenance and repairs, and other direct expenses related to day-to-day maintenance of tangible fixed assets.

The following economic activities listed in the environmental objective of climate change mitigation are included in the calculations.

3.3 Production of low-carbon transport technology
In this activity, Mekonomen assesses that repairs and maintenance of vehicles with zero emissions (electrical vehicles) and hybrid cars with low emissions are included (lower than 50 g CO_2/km). The report includes total revenue, operating expenses and capital expenditure that derives from repair and maintenance (service) of these vehicles in wholly owned or majority-owned workshops. Mekonomen has assumed that all revenue, investment and operating costs that arise from the repair and maintenance of electric vehicles/hybrid cars are included in this activity, i.e., also spare parts and accessories sold at the time of service.

The revenue attributable to the above is based on the workshops' sales statistics. To calculate operating expenses and capital expenditure, total revenues were used as a key.

6.6 Services for the road transport of goods
From our branches, transports are made with delivery trucks to our affiliated and proprietary workshops. These transports are an important part of the offering to our customers. In the report of applicable activity, Mekonomen Group assumed that transports with delivery trucks made with electric vehicles are included. At present, the Group uses a few electric delivery vehicles.

The revenue attributable to the above is included in the price of our other service offering, which is why direct costs related to the electric delivery vehicles were used in the calculation. In addition, a general mark-up is added to obtain the applicable revenue for this activity. Directly attributable operating expenses and capital expenditure for the electric delivery vehicles were used in the calculation.

7.3 Installation, maintenance and repair of energy-efficient equipment
This activity includes the installation of energy-efficient lighting, e.g., LED lighting.

Actual operating expenses and capital expenditure attributable to the above are recognized.

7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking lots adjacent to buildings)
Mekonomen has invested in a number of charging stations for electric cars adjacent to certain buildings.

Actual operating expenses and capital expenditure attributable to the above are recognized.

SUSTAINABILITY INFORMATION

Principles and delimitations
The Sustainability Report is a part of the Annual Report and was prepared in observance of the requirements in the Annual Accounts Act and the guidelines for GRI Standard, Core application level. The Sustainability Report also constitutes our Communication on Progress to the UN Global Compact.

The Sustainability Report covers the entire Group unless otherwise stated. Affiliated workshops are not owned by the Group and are not covered in the report's information or presented key figures unless otherwise stated.

The GRI index on pages 105-106 refers to information that is included in the sustainability report. The sustainability report according to the Annual Accounts Act is presented in the text with page references on page 104.

The company's auditors have reviewed and certified that a Sustainability Report has been prepared as per the regulations of the Annual Accounts Act. The content of the sustainability report was reviewed by the company's auditors.

COOPERATION WITH OUR STAKEHOLDERS LEADS TO MULTIDIMENSIONAL VALUE CREATION

Mekonomen Group has identified stakeholders based on who affects or is affected by our operations in different ways and different levels, directly and indirectly. In addition, the stakeholders were prioritized based on who is relevant to the environmental efforts of the operations, and what needs, expectations, influence and requirements are placed on us as a company. Other indicators, such as the handling of requirements, needs, expectations and influence, and risks and opportunities linked to them, were taken into account in the stakeholder analysis.

Our customers (which mainly comprise workshops and car owners), employees, owners and analysts and suppliers are our main stakeholders. We have continuous follow-up and dialogue with them.

Stakeholder		Dialogue and follow-up	Issues in focus in 2021
Customer	**Affiliated and other workshops** Among our most important business partners are the workshops, which offer service and repairs of vehicles to car owners that are both companies and private individuals. The Group sells spare parts and accessories to the workshops and orders are made digitally in most cases. We also offer training and other services to the workshops.	**Dialogue** In the customer interaction and in contact with customer service. **Follow-up** Regular customer surveys.	• Fast deliveries, contact with the local branch and range of spare parts. • Affordability and training.
	Car owners With our concepts, we want to attract car owners to affiliated workshops as well as our own workshops.	**Dialogue over the web, newsletters and in social media.** **Follow-up** Customer surveys, number of electric car workshops, number of training days for automotive technicians.	• Offering, quality of services and products and affordability. • Right expertise. • Possibility of being able to leave one's car at the workshop safely with regard to covid-19.
Employees	The employees' commitment and performance are crucial to obtaining satisfied customers, good financial results and a pleasant workplace. Mekonomen Group seeks to offer a safe and developing workplace.	**Dialogue** Annual employee talks and continuous dialogue during the year, annual employee surveys, regular workplace meetings, the intranet, newsletters, and dialogue and negotiations with union organizations. **Follow-up** Employee survey, follow-up of sickness absence, work-related injuries and employee turnover and measurement of the under-represented gender in teams.	• Physical and psychosocial work environment. • Commitment, leadership and development. • Good terms of employment. • Possibility to influence the local workplace. • Diversity, gender equality and inclusion.
Owners and analysts	Mekonomen Group is listed on Nasdaq Stockholm. Mekonomen Group's overall goal is to develop with high profitability and thereby generate value growth for the shareholders.	**Dialogue** Annual General Meeting, capital market days, road shows and individual meetings with investors and analysts. **Follow-up** Interim report, annual report, corporate governance report and other reporting that takes place during the year.	• A long-term financially sustainable development, growth opportunities, governance and transparency. • Business ethics, environmental and climate impact, as well as climate risks.
Suppliers	Mekonomen Group mainly purchases spare parts and accessories from the large European suppliers in the automotive industry. Nearly all suppliers have their base in Europe, while the production of products takes place in both Europe and the rest of the world. In addition, we have suppliers of indirect materials and services.	**Dialogue** Continuous meetings, follow-up during the contract period and site visits. **Follow-up** Acceptance of the Group's Supplier Code of Conduct. Supplier assessments.	• Product quality and safety. • Acceptance of the requirements in the Group's Supplier Code of Conduct.
Society and authorities	Our business impacts the environment both in terms of the operations and products. The work environment is affected by, for example, heavy lifts and the handling of chemicals. These areas are regulated by authorities, which is why an open and transparent dialogue is important. To increase the supply of labour with the right expertise, the Group has cooperation with schools and other actors.	**Dialogue** Communication with supervisory authorities regarding permits and inspections (including those in the environment, working environment, chemicals handling and fire safety). Meetings and cooperation with industry organizations. Collaboration with NGOs and schools. **Follow-up** Annual Report, follow-up of environmental data and environmental performance, number of training days.	• Fulfilment of legislation in e.g., environment, work environment, chemicals and fire safety. • Reducing climate impact. • Enabling more automotive technicians in the labour market. • Offer training and other services to the workshops.

Materiality analysis and most material areas

The Group's strategy regarding sustainability issues is based on the materiality analysis begun in 2014 that has been updated and adapted since. The sustainability area is analyzed and prioritized based on the impact (both positive and negative) on our business, the impact on people and the environment and how important it is to our main stakeholders. The significant issues that have been identified are naturally included in the dialogues conducted with our various stakeholder groups.

In 2017, the Group's work was screened in relation to the Annual Accounts Act and new guidelines under GRI standards. In 2018, the materiality analysis was supplemented based on the UN's Global goals for sustainable development. In 2021, the materiality analysis was supplemented with a scenario analysis based on the TCFD methodology.

The scenario analysis was conducted in workshop format with the Group Management Team and business area managers. Two scenarios were analyzed: a global warming of 4 degrees and 2 degrees, respectively. This means "business as usual" and the fulfilment of the Paris agreement. The scenario analysis has mainly focused on Mekonomen's business and both risks and opportunities were analyzed. The results of the scenario analysis were integrated into the materiality analysis and the company's risk section, which means that the UN's Global goal of combating climate change (goal 13) was clarified in the materiality analysis.

Summary of the materiality analysis

Material area	Why material to the stakeholders	Why material to Mekonomen Group
We will have a long-term profitable business		
Conversion to a climate-neutral society (7 Affordable and clean energy; 8 Decent work and economic growth; 13 Climate action)	The car owners want to be able to service and repair their vehicles at our workshops regardless of fuel.	As a major actor in mobility, we have a role to play to contribute to the transition to a climate-neutral society. To continue to be a leading actor in the industry, we need to ensure that there is expertise in the workshops to handle electric vehicles. We also have to ensure that there are relevant spare parts for our workshops.
Integration of sustainability into everything we do (8 Decent work and economic growth)	Financial institutions and the insurance industry want to reduce sustainability risks. Current and future employees want Mekonomen to have good sustainability work.	By more clearly integrating the sustainability issue into the strategy, we reduce our sustainability-related risks and the brand is positively impacted.
We have committed and competent employees		
Skills development (8 Decent work and economic growth)	The technical development of the vehicle manufacturers is taking place at a rapid pace. Employees at our workshops need continuous skills development to take care of the customers' car in a secure and professional manner.	Offering a workplace with the possibility of skills development and career paths is necessary to attract and retain skilled managers and employees.
Working conditions and work environment (8 Decent work and economic growth)	Being a good employer is fundamental to attracting and retaining competent personnel.	A good working atmosphere, market-based working conditions and a good work environment, as well as the possibility of involvement and development are prioritized issues.
Managers and employees (8 Decent work and economic growth)	Strong commitment and the right expertise among our managers and employees are necessary to obtain satisfied customers.	Committed managers and employees are key to the Group's success and good financial results.
Gender equality, diversity and inclusion (8 Decent work and economic growth)	By having employees and managers with varied experience and expertize, we improve the possibility of meeting the customers' needs.	People's differences and experiences contribute to an attractive workplace and promote developing teams with better results.

Material area	Why material to the stakeholders	Why material to Mekonomen Group
We have a business ethics approach		
Code of Conduct, anti-corruption, information security and personal data	Our stakeholders are confident that we address ethical issues and have good control of personal data.	With training in the Code of Conduct and good handling of personal data, the Group reduces its risks.
We have requirements and expectations on our suppliers		
Responsible purchasing	Good relationships to suppliers have a positive effect on our operations. Mekonomen Group's customers expect us to manage the supply chain responsibly.	Working with responsible suppliers reduces the risks and contributes to Mekonomen Group's sustainability performance.
We have a responsibility for our impact on the environment and the climate		
Transports and energy use	Purchases from suppliers and deliveries to our branches and workshops entail daily transports, which affect the climate and local environment. Energy use in premises affects the climate and environment.	Effective planning of transports and a high filling ratio, as well as energy-efficiency improvements in buildings contribute to a better environment and lower costs.
Waste and chemicals management	We put chemical products on the market. It is of central importance to people and the environment that the products have the right labelling, are correctly stored and that the right information is available to the user. Waste and hazardous waste arise in our operations, which can affect people and the environment.	The right marking, storage and control of chemicals reduces environmental and work environment risks. Correctly managed waste reduces costs and contributes to reduced environmental impact.
Environmental and climate impact from products	The products we put on the market affect the environment and the climate in the entire value chain. It is of central importance that we work with continuous improvements and minimize our negative impact.	Our chemical products and goods are covered by different regulations and it is our responsibility to meet the requirements, work with substitution and have knowledge of any dangerous content. Having the right knowledge and handling minimizes negative impact on the environment and the climate and reduces costs.

SUSTAINABILITY NOTES

EMPLOYEES

GRI 102-8 Information on employees and others who work for the organization
Employees per category

	FTZ		Inter-Team		MECA/Mekonomen[1]		Sørensen og Balchen		Central functions[1]		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
No. of employees indefinite/fixed-term												
Indefinite term employees	1,129	1,138	758	709	2,355	2,217	344	333	38	89	4,624	4,486
Women	153	146	130	124	447	410	59	55	19	24	808	759
Men	976	1,192	628	585	1,908	1,807	185	278	19	65	3,816	3,727
Fixed-term employees	9	11	735	689	343	323	0	0	0	1	1,087	1,024
Women	0	3	167	135	64	70	0	0	0	0	231	208
Men	9	8	568	554	279	253	0	0	0	1	856	816
Total	**1,138**	**1,149**	**1,493**	**1,398**	**2,698**	**2,540**	**344**	**333**	**38**	**90**	**5,711**	**5,510**
Number of employees, full-/part-time												
Full-time employees	1,092	1,097	1,490	1,395	2,246	2,094	228	213	38	87	5,094	4,886
Women	138	125	197	259	413	373	40	35	19	24	907	816
Men	954	972	1,193	1136	1,833	1,721	188	178	19	63	4,187	4,070
Part-time employees	46	52	3	3	452	446	116	120	0	3	617	624
Women	15	24	0	0	98	107	19	19	0	0	132	150
Men	31	28	9	3	454	339	97	101	0	3	485	474
Total	**1,138**	**1,149**	**1,493**	**1,398**	**2,698**	**2,540**	**344**	**333**	**38**	**90**	**5,711**	**5,510**

Calculation method
Employees refer to the number of employees at the end of the period (count). The reporting of employee statistics is gathered from the respective company's system for employee management. The information is compiled in a web-based tool and the method is assured by the coordinating HR function.

The majority of the work in Mekonomen Group is done by employees who are employed in the Group. In our wholesaler operations, staff is hired in from staffing agencies based on needs. Other exceptions from employment mainly concern project managers or IT personnel in the event of temporary needs during a project. There is no significant variation in employment during the year.

GRI 102-41 Collective bargaining agreements
Around 49 per cent (50) of the employees are covered by collective bargaining agreements.

Governance and follow-up
All employees in the Group have the right to joint associations, organizations and to organize union clubs and to conduct collective negotiations. FTZ, MECA/Mekonomen, Sørensen og Balchen, as well as central functions have collective bargaining agreements. Inter-Team complies with ordinances and regulations on compensation according to Polish labour law.

1. In connection with a reorganization, staff was moved from Central functions to the MECA/Mekonomen business area, which is why data in 2020 and 2021 is not directly comparable between the years for these functions.

GRI 401-1 New employees and employee turnover[1)]

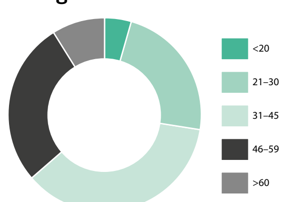
	FTZ		Inter-Team		MECA/Mekonomen		Sørensen og Balchen		Central functions		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of employees												
Women	26	26	130	122	100	68	6	6	8	6	270	228
Men	139	100	622	576	377	250	28	28	5	12	1,171	966
Total	**165**	**126**	**752**	**698**	**477**	**318**	**34**	**34**	**13**	**18**	**1,441**	**1,194**
Number of concluded employments												
Women	26	16	0	0	86	93	5	3	3	2	120	114
Men	136	136	5	2	334	294	16	20	0	4	491	456
Total	**162**	**152**	**5**	**2**	**420**	**387**	**21**	**23**	**3**	**6**	**611**	**570**
Employee turnover												
Women	17.0%	11.0%	0.0%	0.0%	19.2%	22.7%	8.5%	5.5%	15.8%	6.2%	14.8%	15.3%
Men	13.9%	13.7%	0.8%	0.3%	17.5%	16.3%	5.6%	7.2%	0.0%	6.2%	12.9%	12.3%
Total	**14.3%**	**13.4%**	**0.7%**	**0.3%**	**17.8%**	**17.5%**	**6.1%**	**6.9%**	**7.9%**	**6.8%**	**13.3%**	**12.8%**

1. Data regarding Inter-Team is not directly comparable with other business areas. Employee turnover for the FTZ and Inter-Team business areas was adjusted for 2020 due to improved measurement methods.

Calculation method

Employee turnover is calculated as the number of departures as a percentage of the number of permanent employees regardless of the reason for leaving.
A breakdown by age is not reported.

Age structure



GRI 405-1 Diversity within the Board, management and among employees

Gender equality

	Women	Men
Board of Directors	29%	74%
Group Management Team	50%	50%
No. of employees	18%	82%
Of which, managers	14%	86%

Other employee information

	FTZ		Inter-Team[1)]		MECA/Mekonomen[2)]		Sørensen og Balchen		Central functions[1)]		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sickness absence												
Women	5.0%	5.1%	–	–	6.5%	6.7%	9.9%	8.5%	1.8%	1.6%	6.4%	6.2%
Men	3.3%	3.3%	–	–	5.2%	4.5%	4.7%	3.9%	0.4%	2.3%	4.6%	4.0%
Total	**3.5%**	**3.5%**	**5.2%**	**3.8%**	**5.5%**	**4.9%**	**5.6%**	**4.6%**	**1.1%**	**2.1%**	**5.0%**	**4.2%**

1. Data divided into men and women not available for Inter-Team.
2. In connection with a reorganization, staff was moved from Central functions to the MECA/Mekonomen business area, which is why data in 2020 and 2021 is not directly comparable between the years for these functions.

Calculation method[1)]

Sickness absence is calculated in relation to ordinary contracted working hours.

	FTZ		Inter-Team		MECA/Mekonomen		Sørensen og Balchen		Central functions		Total Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Occupational injuries												
Women	2	2	0	5	15	10	0	0	0	0	17	17
Men	14	5	11	0	69	54	0	0	0	0	94	59
Total	**16**	**7**	**11**	**5**	**84**	**64**	**0**	**0**	**0**	**0**	**111**	**76**

1. Improved measurement methods mean that data is not directly comparable between the years. During the year, no work-related deaths occurred.

CLIMATE-IMPACTING EMISSIONS AND ENERGY CONSUMPTION

GRI 302-1 Energy consumption within the organization

Outcome

Energy use	2021	2020
Electricity (MWh)		
Renewable (wind, water, etc.)	4,155	4,066
Non-renewable (fossil fuels, nuclear power, etc.)	28,571	30,493
Heating (MWh)		
Renewable (non-fossil fuel in district heating, etc.)	16,111	12,738
Non-renewable (oil, coal pellets, fossil fuel in district heating, etc.)	22,080	20,814
Fuel (diesel, petrol, etc.) own transports and business trips by car (MWh)		
Renewable fuel (low admixture of FAME, HVO, ethanol, etc.)	4,899	4,497
Non-renewable (diesel, petrol, etc.)	33,343	33,031
Total energy consumption	**109,159**	**105,639**

GRI 305-1 Direct emissions of greenhouse gases (Scope 1), GRI 305-2 Indirect emissions of greenhouse gases (Scope 2), GRI 305-3 Other emissions of greenhouse gases (Scope 3)

Outcome

Emissions, tonnes CO_2-eq.	2021	2020
Direct emissions (Scope1)		
Own transports (delivery trucks)	6,935	6,533
Heating (gas, oil, coal pellets)	1,636	1,412
Business travel (company cars)	1,964	2,199
Total Scope 1	**10,535**	**10,144**
Indirect emissions (Scope 2)		
Electricity (market-based)	13,093	12,564
Heating (district heating)	2,300	2,338
Total Scope 2	**15,393**	**14,902**
Other indirect emissions (Scope 3)		
Subcontractors, transports	10,603	9,801
Business travel with a private car	202	199
Business travel by air and train	190	181
Own transports (upstream)	2,153	1,883
Business travel, company cars (upstream)	540	587
Heating (upstream)	332	264
Electricity (upstream)	197	199
Total Scope 3	**14,217**	**13,114**
Total (tonnes)	**40,145**	**38,160**
Indirect emissions (Scope 2)		
Electricity (location-based)	2,279	5,568

Governance

The Group's environmental policy is integrated into our Code of Conduct.

By 2024, all business areas shall have developed strategies that aim to contribute to the transition to a climate-neutral society.

Calculation method

Previously reported data was recalculated with the aim of getting better comparability between the years when the Group introduced a web-based tool for the collection and calculation of energy and climate data in 2021.

Climate-impacting emissions are calculated based on the Greenhouse Gas Protocol and refer to the entire life cycle as far as possible and to fossil emissions. Climate-impacting emissions from the combustion of biofuels are not reported. The emissions are stated in CO_2 eq. (carbon dioxide equivalents), a designation used when several different greenhouse gases (refers where applicable to carbon dioxide, methane and nitrous oxide) are translated into the corresponding amount of carbon dioxide. A breakdown by greenhouse gas is not done. There is no base year as no target regarding climate has been decided. Carbon-offset has not been done. The types of energy and sources of emissions included are presented in the tables on page 103.

Scope 1

Scope 1 includes the Group's direct emissions from sources controlled by the company, i.e., the company's own transports by delivery trucks from branches to workshops, and heating in premises where combustion takes place on-site, e.g., with pellets or oil. Business travel with a company car is also included.

Transports

Calculations were primarily made based on purchased amounts of fuel. Secondarily, estimates have been made based on e.g., costs or mileage.

Emission factor sources: NTM Network for Transport Measures and Swedish Transport Administration.

A number of electric-powered delivery vehicles are used in the Group. They are mainly charged on one of the Group's premises and these emissions are therefore included in Scope 2.

Heating

Some premises are heated using oil or pellet boilers. In Poland, pellets are used, which are made from coal. Wood pellets are used in some premises in Sweden, meaning fossil emissions upstream in the manufacturing phase.

Emission factor sources: CoM Default Emission Factors for the Member States for the European Union European Commission. CO_2 Emission factor, Rijkswaterstaat The Netherlands. LCA calculations on Swedish wood pellet production chain, IVL Swedish Environmental Research Institute.

Business travel with a company car

Emissions from business travel by company cars have primarily been estimated based on purchased fuel amounts. Secondarily, estimates have been made based on e.g., costs or mileage (references current emissions factors, see under the heading Transports, above). Vehicles powered by electricity are included in electricity in Scope 2.

1. Data for 2020 have been adjusted in this year's report due to improved measurement methods (heating for MECA Norway is not included in that adjustment).

Scope 2
Scope 2 includes the Group's indirect emissions of purchased electricity and district heating. Electricity and district heating included in the rent are also included as these sources are controlled by the company. Vehicles powered by electricity are included in electricity consumption. Emissions originating from electricity and heating have primarily been estimated based on the purchased amount of energy. Secondarily, estimates were done based on premises area.

Electricity
Market-based emissions of greenhouse gases are calculated using a combined method. The emissions from electricity consumption in the Nordic countries are calculated using the Nordic residual mix, which is adjusted for purchases of guarantees of origin. The emissions from electricity consumption in Poland and the Faeroe Islands are calculated using location-based emission factors for electricity.

Market-based means that the emission factor is based on the production to the power grid, but with correction based on the source labelling of electricity.

Location-based means that calculations of the climate-impacting emissions correspond to total production to the power grid. The location-based emissions are not comparable between the years due to improved measurement methods. *Sources of emission factors:* Swedish Energy Markets Inspectorate, Vattenfall AB and JRC.

Heating
Emission factor sources: Swedish Environmental Protection Agency, HOFOR and Fortum.

Scope 3
Scope 3 includes the Group's emissions from indirect sources. Today, transports from subcontractors and business travel and some upstream emissions are included.

Transports
For information regarding purchased transport services with subcontractors, information has primarily been obtained from the hauliers. In some cases, calculations have been made based on costs.

Business travel
Emissions from business travel by air have primarily been obtained from travel agencies. Secondarily, estimates were done based on the number of employees. Emissions from business travel with a private car have been calculated based on the mileage (for references for current emission factors, see under the heading Transports above).

Other upstream emissions
The emissions are calculated with respect to WTT (well to tank). Sources of emission factors are presented above.

SUPPLIERS

GRI 308-1 Share of new suppliers assessed based on environmental requirements
GRI 414-1 Share of new suppliers assessed based on social requirements

Mekonomen Group purchases a large number of products, goods and services from various suppliers where automotive spare parts and accessories constitute a large share. Accepting the Group's Supplier Code of Conduct aims to ensure that our suppliers contribute to us jointly reducing our negative impact on the environment and the climate. Adopting the Supplier Code of Conduct also aims to ensure that our suppliers guarantee basic human rights for employees in accordance with the International Labour Organization (ILO) conventions on social justice and decent work.

Outcome
Currently, 96.6 per cent (91.0) of purchases are made from suppliers who have accepted the requirements.

Governance
Our goal is for more than 95 per cent of our purchases of direct materials to come from suppliers who have accepted the requirements of the Supplier Code of Conduct by 2025.

Calculation method
The calculation is done based on a list with information about whether suppliers have accepted the Group's Supplier Code of Conduct. The purchase value for the percentage of signed suppliers is summed and divided by the total purchase value for all suppliers. The result is the percentage of suppliers (%) that have signed the Supplier Code of Conduct. The calculation is integrated into the companies' supplier bonus system.

SUSTAINABILITY REPORT

Mekonomen Group is covered by the requirement of a sustainability report according to the Annual Accounts Act. The statutory sustainability report is found in the Annual Report under the following points and covers reporting requirements in the areas environment, social conditions, personnel, respect for human rights and anti-corruption, as well as EU's taxonomy:

- Business model, pages 8–9
- Governance of the sustainability work, page 50
- Risk management, pages 26–29
- Climate-related risks and opportunities, pages 26–29
- Responsible purchasing, page 25
- Human rights pages 18–19, 24–25, 29
- Environment, pages 21–22, 29, 41, 103–104
- Social conditions, pages 20–21, 28, 101–102
- Personnel, pages 28, 39, 101–102
- Business ethics and anti-corruption, pages 24–25, 29
- EU taxonomy, page 96

GRI INDEX

GENERAL DISCLOSURES

GRI	Type		Description	Page	Comments	UN Global Compact	SDG
GRI 102: GENERAL INFORMATION 2016							
Organization profile							
GRI 102	General disclosures	102-1	Organization name		Mekonomen AB (publ)		
GRI 102	General disclosures	102-2	Operations, brands, products and services	1, 6–9, 33			
GRI 102	General disclosures	102-3	Location of the organization's headquarters	33			
GRI 102	General disclosures	102-4	Countries where the organization has operations	6, 10			
GRI 102	General disclosures	102-5	Ownership structure and organization form	43–52			
GRI 102	General disclosures	102-6	Markets the organization is active in.	6, 8, 10			
GRI 102	General disclosures	102-7	Organization's size.	6–7, 25, 54–57			
GRI 102	General disclosures	102-8	Information on employees and others who work for the organization	101			
GRI 102	General disclosures	102-9	Supply chain	8–9, 25			
GRI 102	General disclosures	102-10	Significant changes regarding organization and supply chain	35–38			
GRI 102	General disclosures	102-11	Precautionary approach	21, 41			
GRI 102	General disclosures	102-12	External initiatives regarding sustainability that the organization supports/is covered by	18, 25, 50			
GRI 102	General disclosures	102-13	Membership in organizations		The Group is part-owner and has Board members in Telge Tillväxt. The Group also has a Board position in the foundation En Frisk Generation, and is a member of the trade association SFVF.		
Strategy							
GRI 102	General disclosures	102-14	Statement from senior management	2–5			
GRI 102	General disclosures	102-15	Significant impact, risk and opportunities	12–19, 26–29			
Ethics and Integrity							
GRI 102	General disclosures	102-16	Values, principles and ethical guidelines	24		10	
Governance							
GRI 102	General disclosures	102-18	Governance structure	43–52			
Stakeholder dialogue							
GRI 102	General disclosures	102-40	List over stakeholder groups	98			
GRI 102	General disclosures	102-41	Collective agreements	101		3	
GRI 102	General disclosures	102-42	Identification and selection of stakeholders	98			
GRI 102	General disclosures	102-43	Methods for stakeholder dialogue	98			
GRI 102	General disclosures	102-44	Important issues addressed	20–29, 98			
Reporting practice							
GRI 102	General disclosures	102-45	Units included in the financial reporting	79–81, 97			
GRI 102	General disclosures	102-46	Definition of reporting content and the issues' delimitation	18–19, 98–100			
GRI 102	General disclosures	102-47	List over significant issues	19, 99–100			
GRI 102	General disclosures	102-48	Changes to information	102–104			
GRI 102	General disclosures	102-49	Changes in the reporting		No significant changes		
GRI 102	General disclosures	102-50	Reporting period	33, 97			
GRI 102	General disclosures	102-51	Date for publication of the latest report		30 March 2021		
GRI 102	General disclosures	102-52	Reporting cycle	33, 97			
GRI 102	General disclosures	102-53	Contact person for the report		gabriella.granholm@mekonomengroup.com		
GRI 102	General disclosures	102-54	Report in accordance with GRI Standards	97			
GRI 102	General disclosures	102-55	GRI index	105–106			
GRI 102	General disclosures	102-56	External review	97, 107			

SPECIFIC DISCLOSURES

GRI	Type		Description	Page	Comments	UN Global Compact	SDG
Economic impact							
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 201	7, 9, 12, 14–16, 19, 50		10	8
GRI 201	Economic development 2016	201-1	Generated and distributed economic value	9		10	8
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 205	19, 24–25, 29, 50, 100		10	8
GRI 205	Anti-corruption 2016	205-2	Communication and training regarding anti-corruption	17, 24–25	Information is not reported by region, employee category and type of business partner.	10	8
GRI 205	Anti-corruption 2016	205-3	Confirmed corruption incidents and steps taken	24		10	8
Environmental impact							
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 302	17, 19, 21–22, 24, 29, 50, 99–100, 104		7–9	7
GRI 302	Energy 2016	302-1	Energy consumption within the organization	103		7, 8	7
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 305	17, 19, 21–22, 29, 50, 100, 104		7–9	13
GRI 305	Emissions 2016	305-1	Direct emissions of greenhouse gases (Scope 1)	103–104		7, 8	13
GRI 305	Emissions 2016	305-2	Indirect emissions of greenhouse gases (Scope 2)	17, 22, 103–104		7, 8	13
GRI 305	Emissions 2016	305-3	Other indirect emissions of greenhouse gases (Scope 3)	103–104		7, 8	13
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 307	17, 19, 21–22, 24, 29, 50, 100, 104		8	12
GRI 307	Compliance with environmental legislation 2016	307-1	Significant fines and sanctions resulting from violations of environmental legislation		The Group did not incur significant fines or sanctions in 2021	8	12
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 302	17, 19, 24, 25		8	12
GRI 308	Environmental assessment of suppliers 2016	308-1	Share of new suppliers assessed based on environmental requirements	17, 25	Refers to all suppliers of direct material. Percentage of new suppliers is not reported	8	12
Social impact							
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 401	17, 19–21, 24, 27–28, 39, 50, 99		3–6	8
GRI 401	Employment 2016	401-1	New employees and employee turnover	102	A breakdown by age is not presented	6	8
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 405	17, 19–21, 24, 27–28, 39, 46, 50, 99		1.2	8
GRI 405	Equality and diversity 2016	405-1	Diversity within the Board, management and among employees	21, 102		1.2	5, 8
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 406	17, 24, 39, 50		6	8
GRI 406	Non-discrimination 2016	406-1	Number of incidents of discrimination and their handling	21	No cases of discrimination were reported in 2021	6	8
GRI 103	Sustainability governance	103-1/2/3	Delimitation, governance and follow-up 414	17, 19, 24–25		2, 4, 5, 6	12
GRI 414	Assessment of social conditions at suppliers 2016	414-1	Share of new suppliers assessed based on social requirements	17, 25	Refers to all suppliers of direct material. Percentage of new suppliers is not reported	2, 4, 5, 6	12

AUDITOR'S LIMITED ASSURANCE REPORT ON MEKONOMEN AB'S SUSTAINABILITY REPORT AND STATEMENT ON THE STATUTORY SUSTAINABILITY REPORT

TO THE GENERAL MEETING OF MEKONOMEN AB (PUBL), CORP. ID NO. 556392-1971

Introduction
We have been engaged by the Board and Group Management of Mekonomen AB (publ) to undertake a limited assurance of Mekonomen's Sustainability Report for the year 2021. The company has defined the scope of its sustainability report on page 104, of which the statutory sustainability report is defined on page 97.

Responsibilities of the Board and Group Management
The Board of Directors and Group Management are responsible for the preparation of the Sustainability Report, including the statutory sustainability report, in accordance with the applicable criteria and the Annual Accounts Act. The criteria are described on page 97 of the Sustainability Report, and consists of the parts of the GRI Sustainability Reporting Standards which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the company has developed. This responsibility also includes the internal control which is deemed necessary to establish a sustainability report that does not contain material misstatement, whether due to fraud or error.

Responsibilities of the auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed and to provide a statement on the statutory sustainability report. Our assignment is limited to the historical information that is presented and thus does not include future-oriented information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report and applying analytical and other limited assurance procedures. We have conducted our examination regarding the statutory sustainability report in accordance with FAR's recommendation RevR 12, the Auditor's Opinion on the Statutory Sustainability Report. A limited assurance engagement and an examination according to RevR 12 have a different focus and a considerably smaller scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

The audit firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent in relation to Mekonomen according to generally accepted auditing standards in Sweden and have fulfilled our professional ethics responsibility according to these requirements.

The procedures performed in a limited assurance engagement and an examination according to RevR 12 do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. The conclusion based on a limited assurance engagement and an examination in accordance with RevR 12, therefore, does not provide the same level of assurance as a conclusion based on an audit has.

Our procedures are based on the criteria defined by the Board of Directors and the Group Management as described above. We consider these criteria as suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Group Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 5 April 2022
PricewaterhouseCoopers AB

Linda Corneliusson
Authorized Public Accountant

Karin Juslin
Specialist Member of FAR

GLOSSARY AND DEFINITIONS

FINANCIAL DEFINITIONS

Gross margin
Net sales less costs for goods for resale, as a percentage of net sales.

Gross profit
Revenue minus the cost of goods for resale.

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 definitions) and material acquisition-related items. Current acquisition-related items are depreciation of acquired intangible assets related to the acquisitions of FTZ, Inter-Team, MECA and Sørensen og Balchen.

Adjusted EBIT margin
Adjusted EBITDA as a percentage of total revenue.

Average number of employees
The total number of hours worked divided by the standard time for a full-time employee during the year.

Capital employed
Total assets less non-interest-bearing liabilities and provisions including deferred tax liabilities and provisions including postponed tax liability.

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 period-end multiplied by the number of days this number existed during the period and added to any other number of shares during the period multiplied by the number of days 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.

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 period-end multiplied by the number of days this number existed during the period and added to any other number of shares during the period multiplied by the number of days these numbers existed during the period, divided by the number of days during the period.

EBIT margin
EBIT after depreciation/amortization as a percentage of total revenue.

EBITA
EBITA 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 excluding effects of IFRS 16.

EBITDA margin
EBITDA as a percentage of total revenue.

Equity/assets ratio
Shareholders' equity including non-controlling interest as a percentage of total assets. Equity/assets ratio for the Parent Company includes an equity component of untaxed reserves.

Net debt
Current and long-term interest-bearing liabilities for borrowing, meaning excluding pensions, leasing, derivatives and similar obligations, less cash and cash equivalents.

Net debt incl. IFRS 16
Current and long-term interest-bearing liabilities for borrowing and long- and short-term lease liabilities according to IFRS 16, meaning excluding pensions, derivatives and similar obligations, less cash and cash equivalents.

Organic growth
Change in net sales adjusted for the number of weekdays, acquisitions/divestments and currency effects.

Return on capital employed
Profit after net financial items plus interest expenses as a percentage of average capital employed. Average capital employed is calculated as capital employed at the end of the period added to the four immediately preceding quarters' capital employed at the end of the period divided by five.

Return on shareholders' equity
Profit for the period, excluding minority share, as a percentage of average shareholders' equity attributable to Parent Company's shareholders. Average shareholders' equity attributable to the Parent Company's shareholders is calculated as shareholders' equity attributable to the Parent Company's shareholders at the end of the period added to the four immediately preceding quarters' shareholders' equity attributable to the Parent Company's shareholders at the end of the period divided by five.

Return on total capital
Profit after net financial items plus interest expenses as a percentage of the average total assets. Average total assets are calculated as total assets at the end of the period added to the four immediately preceding quarters' total assets at the end of the period divided by five.

Sales growth
Increase in the total revenue as a percentage of the total revenue of the previous year.

COMPANY-SPECIFIC DEFINITIONS

Affiliated workshops
Workshops that are not proprietary, but conduct business under the Group's brands.

Accessories for cars
Products that are not necessary for a car to function, but enhance the experience or extend use of the car, for example, car-care products, roof boxes, car child seats, etc.

B2B
Sales of goods and services between companies.

B2C
Sales of goods and services between companies and consumers.

Business area
Reportable segments.

Currency effects on the balance sheet
The impact of currency regarding realized and unrealized revaluations of foreign short-term non-interest-bearing receivables and liabilities.

Currency-transaction effects
Currency impact on internal sales from Bileko Car Parts AB to each country.

Currency-translation effects
Currency impact in the translation of the earnings of foreign subsidiaries to SEK.

DAB products
Accessories for the car adapted to digital solutions for radio broadcasting. DAB is an abbreviation for Digital Audio Broadcasting.

Fleet operations
Mekonomen Group's offering to companies.

Items affecting comparability
Events or transactions with significant effects, which are relevant to understanding the financial development compared with the earnings of the period in question with earlier periods, including restructuring programmes, costs related to large legal disputes and impairments, as well as gains and losses from acquisitions or divestment of operations, subsidiaries, associated companies and joint ventures or items of a similar nature.

Mobility
The possibility of moving from A to B is a fundamental freedom and a driving force in society. The demand is timeless, and independent of what kind of vehicle is used.

OBP
Own brand products, such as ProMeister and Carwise.

Other operating revenue
Mainly comprises rental income, marketing subsidies and exchange-rate gains.

Partner branches
Branches that are not proprietary, but conduct business under the Group's brands.

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.

Sales to customer group Affiliated workshops
Sales to affiliated workshops and sales to proprietary workshops.

Sales to customer group Consumers
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 workshops
Sales to business customers that are not affiliated to any of Mekonomen Group's concepts, including sales in the fleet operations.

Spare parts for cars
Parts that are necessary for a car to function.

ALTERNATIVE PERFORMANCE MEASURES

As of the January–June 2016 interim report, Mekonomen applies the new guidelines for alternative performance figures issued by ESMA[1]. An alternative performance measure is a financial measure over historical or future earnings trends, financial position or cash flow that are not defined or specified in IFRS. Mekonomen believes that these measures provide valuable supplemental information to the company's management, investors and other stakeholders to evaluate 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. They shall thereby be seen as a complement to measures defined according to IFRS. For relevant reconciliations of the alternative performance measures that cannot be directly read or derived from the financial statements, refer to the complement to the 2021 Annual Report on our website: https://www.mekonomen.com/en/alternative-performance-measures/.

1. The European Securities and Markets Authority.

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SHAREHOLDER INFORMATION

Annual General Meeting
Mekonomen Aktiebolag's (publ), corp. ID no. 556392-1971, Annual General Meeting will be held at 10:00 a.m. CET on Friday, 20 May 2022 at Bygget Fest och Konferens, Norrlandsgatan 11, 111 43 Stockholm, Sweden. Entry registration for the Annual General Meeting will begin at 9:00 a.m. CET. In addition to physical participation, participation can also take place through postal voting. Read more in the convening notice for the Annual General Meeting on www.mekonomen.com

Registration
Shareholders wishing to participate in the Annual General Meeting must:
- be registered in the shareholders' register maintained by Euroclear Sweden AB on Thursday, 12 May 2022, and
- notify the company or cast a postal vote no later than Monday 16 May 2022.

Notification may be made in writing to Mekonomen Aktiebolag, "Annual General Meeting", c/o Euroclear Sweden AB, PO Box 191, SE-101 23 Stockholm, Sweden or by phone +46 8 402 90 47 on weekdays between 9:00 a.m. and 4:00 p.m. Shareholders who are physical persons may also register on Mekonomen's website, www.mekonomen.com. When registering, name, personal or corporate identity number, address, phone number and number of any assistants must be provided. The completed and signed postal voting form must be received by Mekonomen no later than Monday 16 May 2022 and shall be sent by letter to Mekonomen AB, "Annual General Meeting", c/o Euroclear Sweden AB, PO Box 191, SE-101 23 Stockholm, or by e-mail to GeneralMeetingService@euroclear.com. Shareholders who are physical persons can also cast postal votes electronically through verification with BankID through Euroclear Sweden AB's website https://anmalan.vpc.se/EuroclearProxy/. Such electronic votes must be cast no later than 16 May 2022.

Nominee-registered shares
Shareholders who have nominee-registered shares must, in addition to register participation in the Meeting, temporarily re-register the shares in their own name in the shareholders' register in order to be entitled to participate in the Annual General Meeting. Such re-registration must be carried out by Thursday, 12 May 2022, and should be requested at the bank or trustee well in advance of this date.

Proxies
If shareholders cast postal votes by proxy, a written and dated proxy form signed by the shareholder must be attached to the postal voting form, as well as any documents pertaining to authorization. A proxy form is available at www.mekonomen.com.

Dividends
The Board of Directors proposes a dividend of SEK 3.00 for 2021 to the Annual General Meeting.

Printed Annual Report
Printed Annual Reports will be distributed only to shareholders requesting them approximately one week before the Annual General Meeting.

Financial calendar 2022

Information	Period	Date
Interim report	January–March 2022	11 May 2022
Interim report	January–June 2022	24 August 2022
Interim report	Jan–Aug 2022	2 November 2022
Year–end report	January–December 2022	15 February 2023

Investor relations contacts

Pehr Oscarson, President and CEO
Tel: +46 (0) 8 464 00 00
E-mail: pehr.oscarson@mekonomengroup.com

Åsa Källenius, CFO
Tel: +46 (0) 8 464 00 00
E-mail: asa.kallenius@mekonomengroup.com

Fredrik Sätterström, Head of Investor Relations
Mobile: +46 (0) 705 10 10 22
E-mail: fredrik.satterstrom@mekonomengroup.com

ADDRESSES

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

Visiting address:
Solnavägen 4, 11th floor,
Stockholm, Sweden
Tel: +46 8 464 00 00
E-mail: ir@mekonomen.se
www.mekonomen.com

FTZ
Postal and visiting address:
Hvidkærvej 21
5250 Odense SV, Denmark
Tel: +45 65 65 40 00
E-mail: ftz@ftz.dk

Inter-Team
Postal and visiting address:
ul. Białołęcka 233
03-253 Warsaw, Poland
Tel: +48 225 06 06 00
E-mail: poczta@inter-team.com.pl

MECA Sweden
Postal address:
Box 9225
SE-200 39 Malmö

Visiting address:
Stenåldersgatan 27, Malmö
Tel: +46 40 671 60 60
E-mail: info@meca.se
www.meca.se

MECA Norway
Postal address:
P.O. box 1014
NO-2804 Gjøvik
Tel: +47 61 13 19 30
E-mail: firmapost@meca.no
www.meca.no

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

Visiting address:
Solnavägen 4, 10th floor,
Stockholm, Sweden
Tel: +46 8 464 00 00
E-mail: ir@mekonomen.se
www.mekonomen.se

Mekonomen Norway
Postal address:
Postboks 524 Bedriftsenteret
NO-1411 Kolbotn

Visiting address:
Rosenholmveien 25,
NO-1414 Trollåsen
Tel: +47 66 81 76 90
E-mail: ir@mekonomen.se
www.mekonomen.no

Sørensen og Balchen
Postal address:
Postboks 134 Holmlia
NO-1203 Oslo, Norway

Visiting address:
Rosenholmveien 12, NO-1252
Oslo, Norway
Tel: +47 22 76 44 00
E-mail: ir@mekonomen.se
www.sogb.no

Mekonomen Group