

MEKO AB

January – March 2023
May 16, 2023



Q1 2023 – A ROBUST CORE BUSINESS – AND STRATEGIC ADVANCES

Continued organic growth proves our resilient business model

Solid development in most markets, demanding market conditions in Norway and Denmark

Intensified focus on higher profitability in Denmark and Sweden/Norway

Improved cash flow enables solid financial position

Updated financial targets and priorities to strengthen our leading position

MEKO – FIRST QUARTER

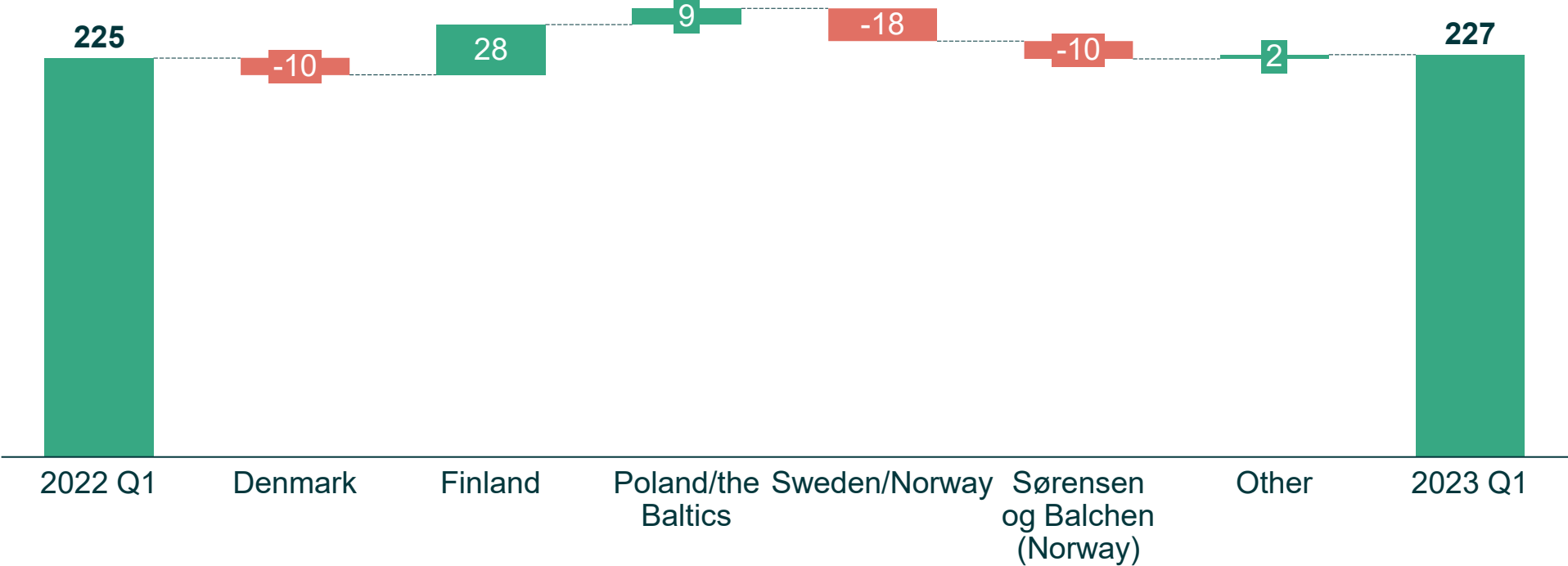
SEK M	Q1 2023	Q1 2022	Change %	Rolling 12M	2022 12M	Change %
Group, net sales	3 973	3 155	26	14 885	14 067	6
EBIT	200	190	5	768	759	1
Adjusted EBIT ¹⁾	227	225	1	946	945	0
Earnings per share, SEK	1,43	2,11	-32	7,44	8,12	-8
Cash flow from operating activities	27	-138	120	1 213	1 048	16
Key figures						
- Organic growth ²⁾ , %	6,3	-0,6		-	2,6	
- EBIT margin, %	4,9	5,9		5,0	5,3	
- Adjusted EBIT margin, %	5,6	7,0		6,2	6,6	

¹⁾ Adjusted EBIT is EBIT adjusted for items affecting comparability (IAC) and material acquisition-related items. Current acquisition-related items pertain to the amortization/depreciation of surplus values on acquired tangible and intangible assets relating to the acquisitions of FTZ, Inter-Team, Koivunen and MECA (MECA until May 2022).

²⁾ Organic growth refers to changes in net sales adjusted for the number of workdays, acquisitions/divestments and currency effects.

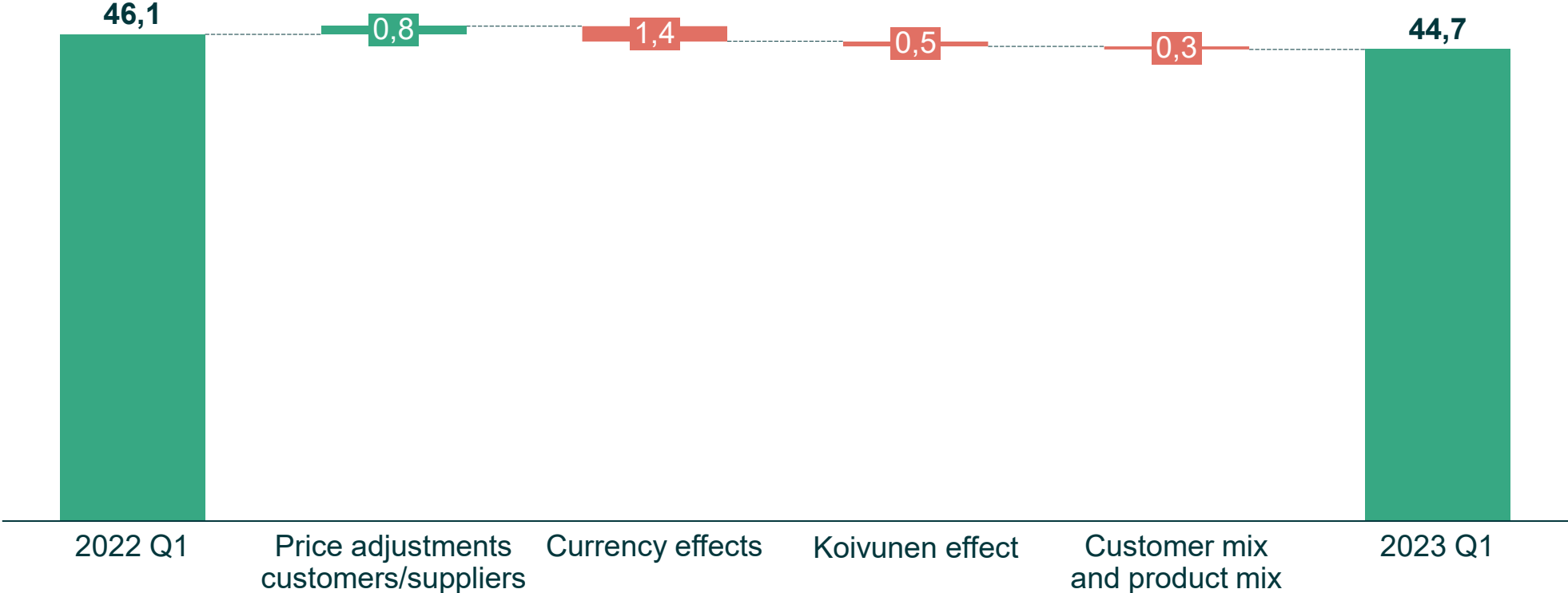
STABLE ADJUSTED EBIT DEVELOPMENT

Adjusted EBIT bridge
2022 Q1 to 2023 Q1



GROSS MARGIN DEVELOPMENT IN THE FIRST QUARTER

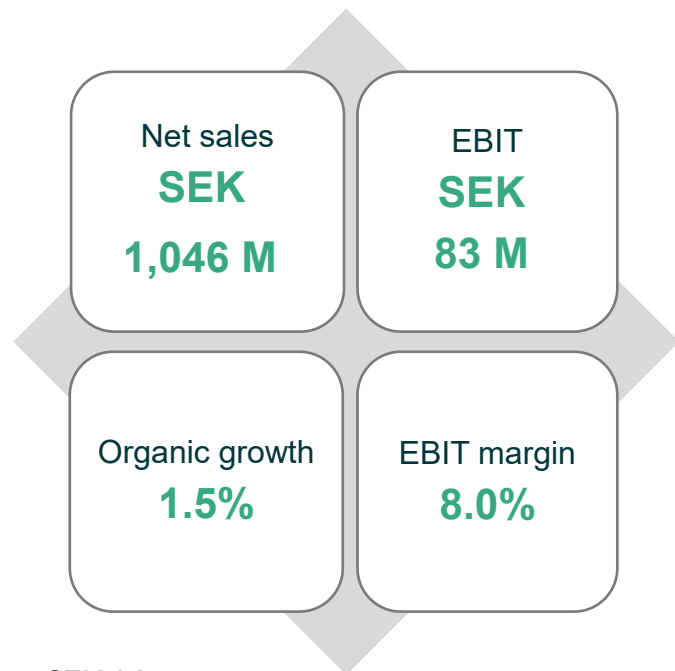
Gross margin bridge
2022 Q1 to 2023 Q1





SALES & RESULT PER BUSINESS AREA

DENMARK – LEADING POSITION IN A CHALLENGING MARKET



Reported net sales growth of 12 per cent, of which 1 percent organic, impacted by tough competition and a slow market following weak consumer purchasing power

EBIT development burdened by lower gross margin and cost inflation, but improved sequentially

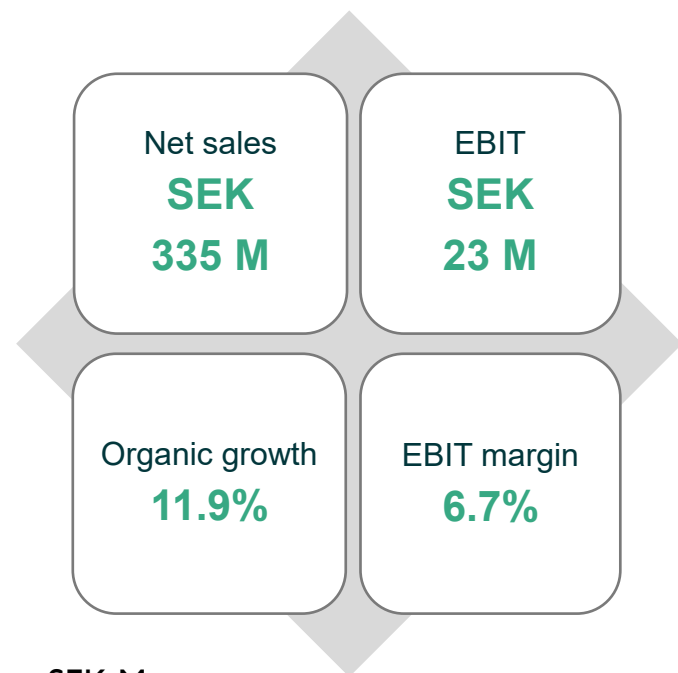
Intensified focus on higher profitability, with visible Q/Q effects in the quarter

SEK M	Q1 2023	Q1 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	1 046	933	12	3 803	3 689	3
EBIT	83	93	-10	255	265	-4
Adjusted EBIT ¹⁾	83	93	-10	255	265	-4
Key figures						
- Organic growth ²⁾ , %	1,5	0,3		-	0,2	
- EBIT margin, %	8,0	10,0		6,7	7,2	

¹⁾ Adjusted EBIT excludes items affecting comparability.

²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

FINLAND – STABLE PERFORMANCE IN PENDING MARKET



Healthy organic growth in Mekonomen of 12 percent and positive development in Koivunen

Integration according to plan extracting synergies through purchasing, economies of scale and operational excellence

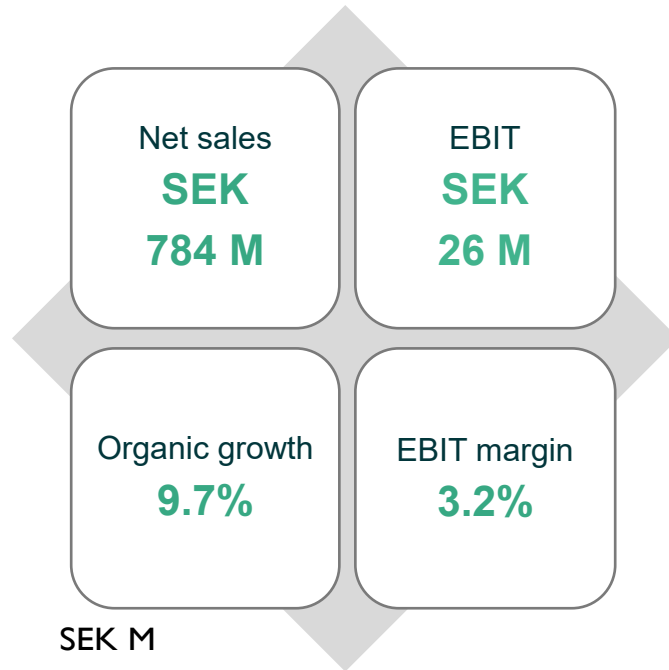
Increasing profitability in Finland over time through merging of the warehouses and joint logistic operations

SEK M	Q1 2023	Q1 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	335	33	>500	1 031	728	41
EBIT	23	-6	>500	50	22	131
Adjusted EBIT ¹⁾	23	-6	>500	50	22	131
Key figures						
- Organic growth ²⁾ , %	11,9	-		-	25,1	
- EBIT margin, %	6,7	-16,8		4,8	2,9	

¹⁾ Adjusted EBIT excludes items affecting comparability.

²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Refers to Mekonomen Finland.

POLAND/THE BALTICS – SOLID PERFORMANCE IN GROWTH MARKETS



Robust organic growth of 12 percent, driven by both domestic sales and export sales. Positive development in the Baltic operations

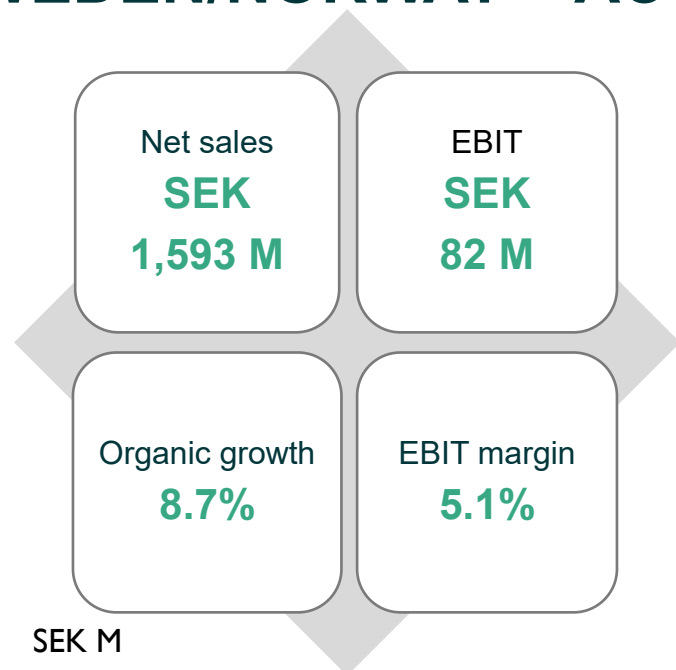
Solid EBIT, driven by continued net sales growth and gross margin improvement

Ongoing synergy extraction in the Baltics according to plan, with full effect in 2024

SEK M	Q1 2023	Q1 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	784	533	47	2 998	2 748	9
- Poland	622	533	17	2 510	2 421	4
- The Baltics	161	-	-	488	327	49
EBIT	26	17	54	173	164	5
Adjusted EBIT ¹⁾	26	17	54	173	164	5
Key figures						
- Organic growth ²⁾ , %	9,6	14,2		-	13,4	
- EBIT margin, %	3,2	3,0		5,6	5,8	

¹⁾ Adjusted EBIT excludes items affecting comparability. ²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects. Refers to Poland (former B.A. Inter-Team).

SWEDEN/NORWAY – ACTIONS FOR IMPROVED PROFITABILITY



Net sales grew 11 per cent, of which 9 per cent organic. Growth driven by solid performance in both Sweden and Norway. Improved market conditions in Norway

Gross margin and EBIT margin decreased due to currency headwind, cost inflation and market investments

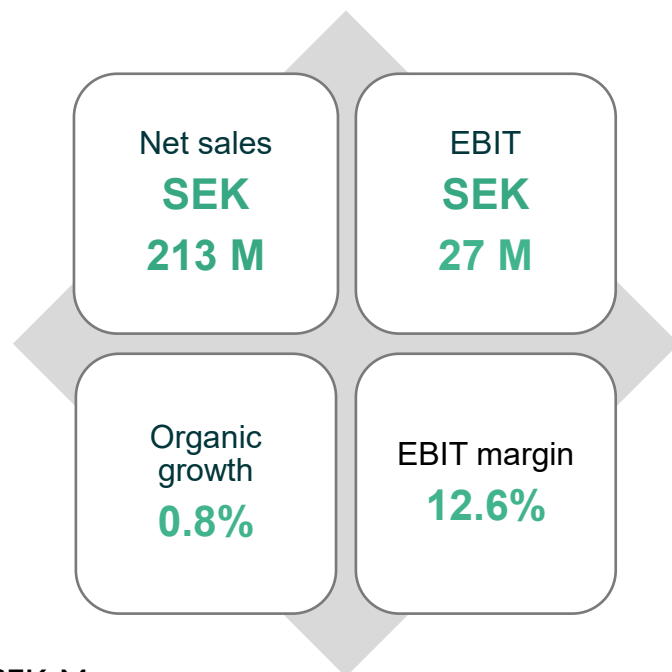
First phase of actions to balance costs and optimize operations in Norway finalized. Intensified focus on higher profitability

SEK M	Q1 2023	Q1 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	1 593	1 441	11	6 172	6 020	3
- Norway	635	571	11	2 371	2 308	3
- Sweden	958	869	10	3 801	3 712	2
EBIT	82	101	-18	365	383	-5
Adjusted EBIT ¹⁾	82	101	-18	387	405	-5
Key figures						
- Organic growth ²⁾ , %	8,7	-3,9		-	1,5	
- EBIT margin, %	5,1	6,8		5,8	6,2	

¹⁾ Adjusted EBIT excludes items affecting comparability.

²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.

SØRENSEN OG BALCHEN (NORWAY) – RELIABLE PERFORMANCE



Net sales growth was -1 per cent, of which 1 percent organic, affected by a continued slow retail market. Signs of market recovery within the B2B market

Margin development affected by lower volumes, customer mix, currency effects and higher cost pressure

Weak retail market development in the quarter. Continued focus to drive B2B business

SEK M	Q1 2023	Q1 2022	Change %	Rolling 12M	2022 12M	Change %
Net sales	213	215	-1	875	877	0
EBIT	27	37	-27	150	160	-6
Adjusted EBIT ¹⁾	27	37	-27	150	160	-6
Key figures						
- Organic growth ²⁾ , %	0,8	-13,2		-	-9,5	
- EBIT margin, %	12,6	17,0		16,9	18,0	

¹⁾ Adjusted EBIT excludes items affecting comparability.

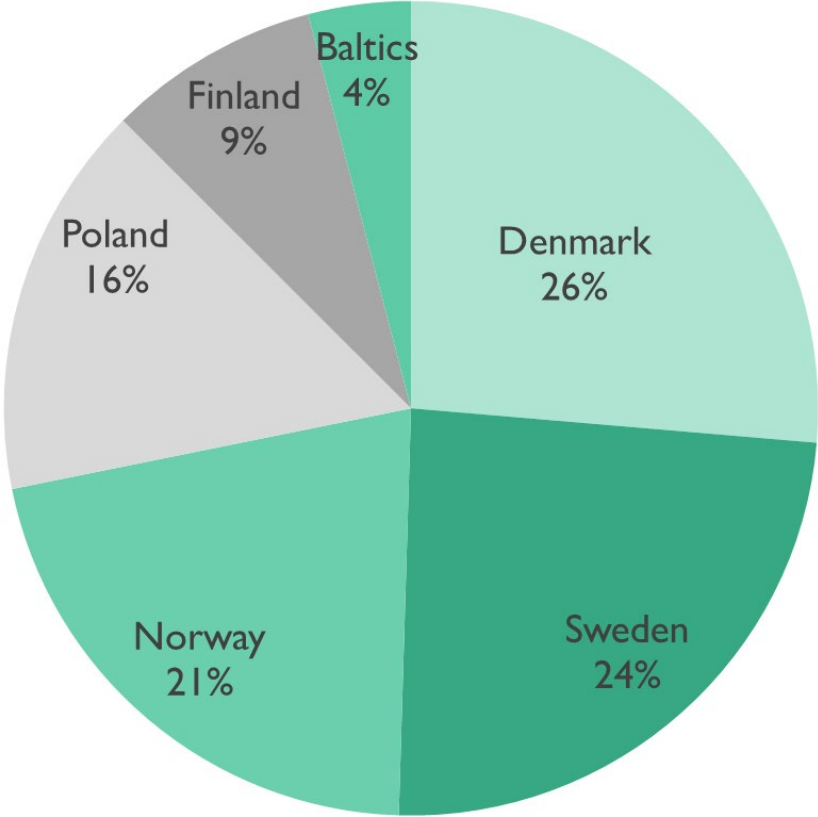
²⁾ Organic growth is change in net sales adjusted for number of workdays, acquisitions/divestments and currency effects.



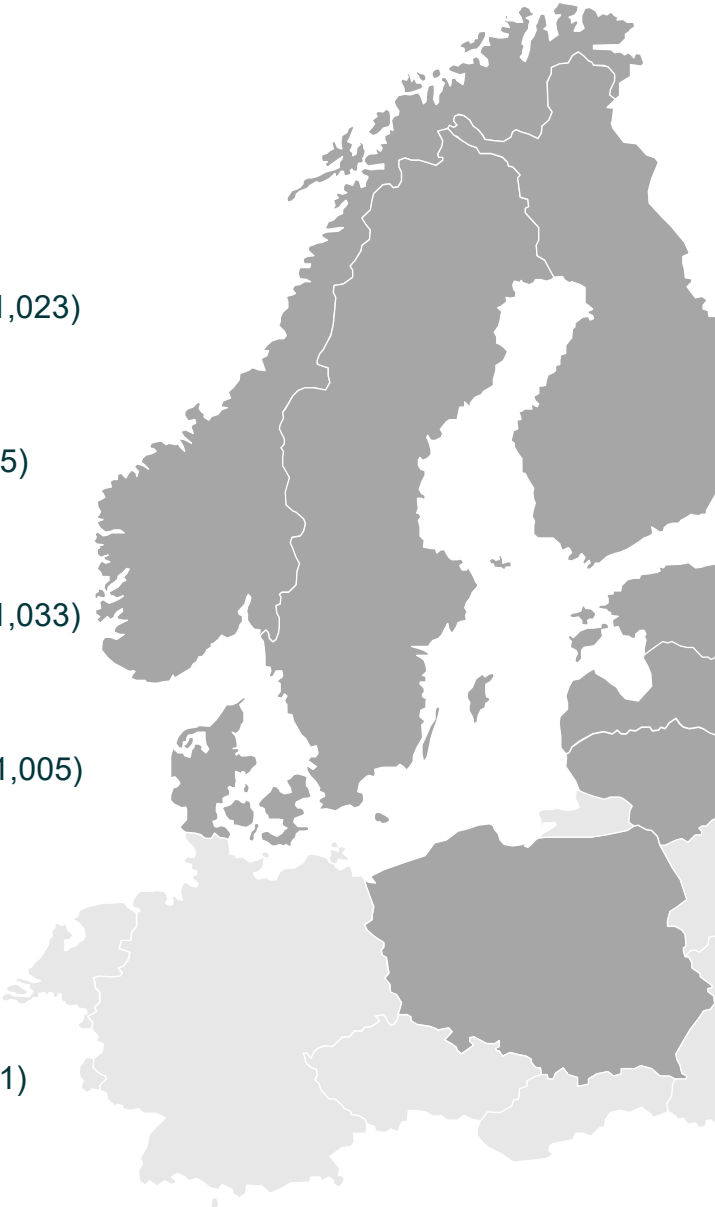
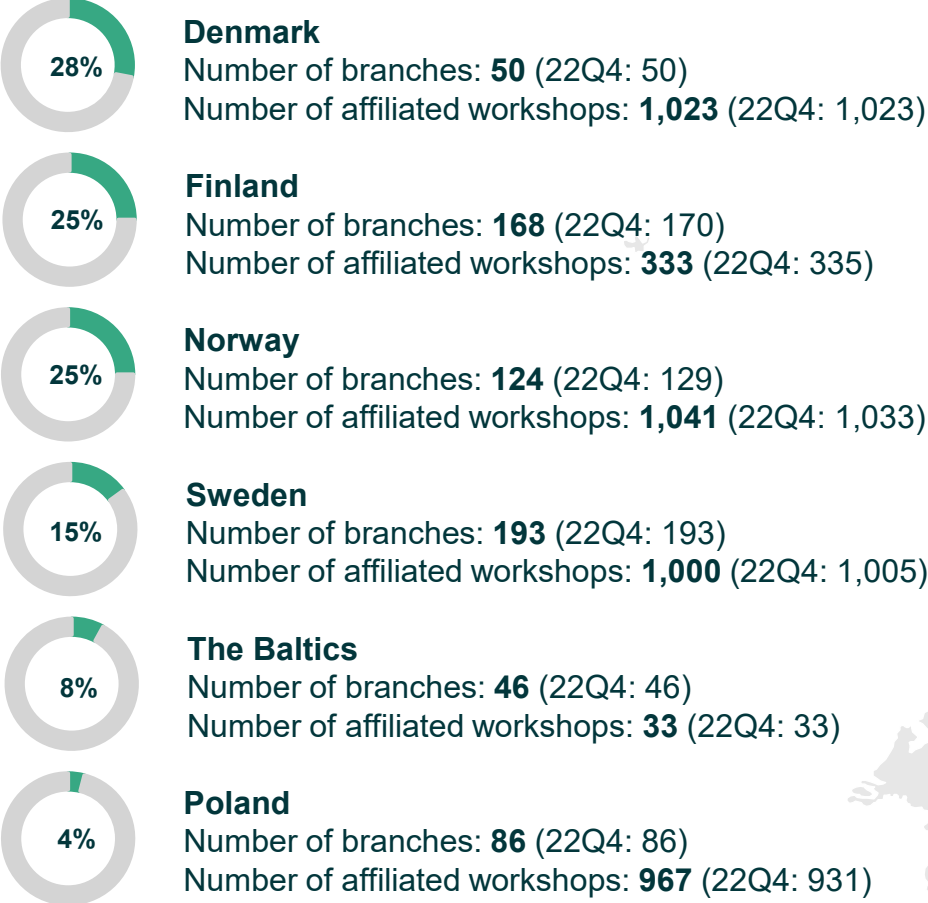
MARKET & FOOTPRINT

STRONG GROUP FOOTPRINT

Net sales per geography, 2023Q1



Market shares per geography



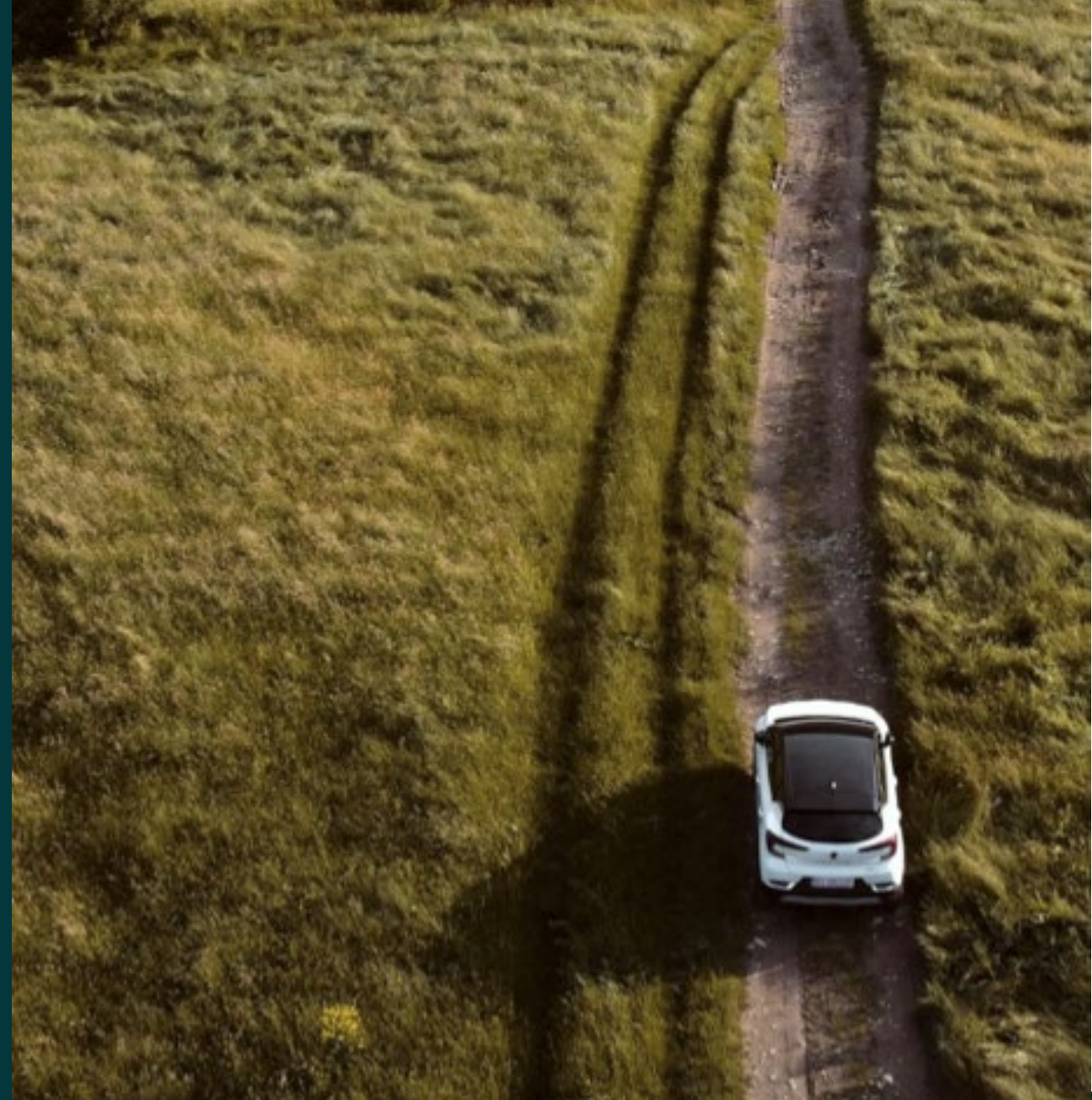


UPDATED FINANCIAL TARGETS AND CAPITAL MARKETS DAY

- Capital Markets Day, March 21; Detailed information on strategy, execution and investments for the future.
- Updated long term financial targets:
 - At least 5 percent annual sales growth, excluding larger acquisitions.
 - Annual growth of adjusted EBIT of at least 10 percent.
 - Clarified dividend policy and unchanged net debt target.
- Aim: To better reflect MEKO's strategy and strengthen value creation.

INCREASED EFFORTS IN REDUCING OUR CLIMATE FOOTPRINT

- MEKO's business model is a model for sustainability and circularity.
- Servicing and repairing a car is often better for the environment than buying a new one.
- Milestone: MEKO has committed to set climate targets in line with Science Based Targets initiative (SBTi).





STRATEGIC LAUNCH OF SERVICE AND REPAIR OF CAR GLASS

- New concept in Sweden with potential: MEKO handles 1 million cars every year in this market.
- 15 percent of the cars has glass damages – 70 percent can be fixed.
- Repair could reduce climate footprint with 600 tonnes of CO2 every year.
- More than 400 Swedish workshops will be able to offer service and repair.



SUCCESSFUL HEAVY VEHICLES CONCEPT ENTERS DENMARK

- Growing concept Heavy Vehicles was first launched in Sweden and Norway.
- The concept was integrated with a similar business in Koivunen in 2022.
- Accelerated expansion when the concept now is launched in Denmark.
- MEKO well positioned through leading availability and distribution.

NEW AGREEMENT WITH NORWAY'S LARGEST INDEPENDENT RETAILER

- Agreement with Mjøsbil – a leading supplier of engine-related services and products in Norway.
- Workshops will be branded as Bilxtra, the strong retail brand within Sørensen og Balchen.
- Mjøsbil choosing MEKO and business area Sørensen og Balchen thanks to attractive offerings and high service level.



BilXtra

A scenic road winding through a forest at sunrise or sunset, with a car visible in the distance. The sun is low on the horizon, creating a warm, golden glow and long shadows. The road is flanked by tall trees, and a guardrail is visible on the left side. The overall atmosphere is peaceful and forward-looking.

**WE ENABLE MOBILITY
- TODAY, TOMORROW AND IN THE
FUTURE**

APPENDIX

EARNINGS TREND

SUMMARY OF THE GROUP'S EARNINGS TREND SEK M	Jan-Mar 2023	Jan-Mar 2022	Change, %	12 months Apr-Mar	Full-year 2022	Change, %
Net sales	3 973	3 155	26	14 885	14 067	6
EBIT	200	190	5	768	759	1
Adjusted EBIT	227	225	1	946	945	0
Profit after financial items	114	163	-30	531	581	-9
Profit after tax	84	121	-31	439	477	-8
Earnings per share, SEK	1,43	2,11	-32	7,44	8,12	-8
EBIT margin, %	4,9	5,9		5,0	5,3	
Adjusted EBIT margin, %	5,6	7,0		6,2	6,6	

ADJUSTED EBIT SEK M	Jan-Mar 2023	Jan-Mar 2022	Change, %	12 months Apr-Mar	Full-year 2022	Change, %
EBIT	200	190	5	768	759	1
Transaction costs related to the acquisition of Koivunen	-	-		-26	-26	
Transaction tax related to the acquisition of Koivunen	-	-		-22	-22	
Restructuring costs, Norway	-	-		-22	-22	
<i>Items affecting comparability, total</i>	-	-		-70	-70	
<i>"Other items", material acquisition-related items ¹⁾</i>	-27	-35		-108	-116	
Adjusted EBIT	227	225	1	946	945	0

¹⁾ Other items include material acquisition-related items. Current acquisition-related items pertain to the amortization/depreciation of surplus values on acquired tangible and intangible assets relating to the acquisitions of FTZ, Inter-Team, Koivunen and MECA (MECA until the end of May 2022).

CASH FLOW

CONDENSED CONSOLIDATED CASH-FLOW STATEMENT, SEK M	Jan-Mar 2023	Jan-Mar 2022	12 months Apr-Mar	Full-year 2022
Operating activities				
<i>Cash flow from operating activities before changes in working capital, excluding tax paid</i>	369	377	1 476	1 484
Tax paid	-96	-136	-200	-240
Cash flow from operating activities before changes in working capital	272	241	1 275	1 244
Cash flow from changes in working capital:				
Changes in inventory	-114	-127	-239	-251
Changes in receivables	-238	-193	-230	-186
Changes in liabilities	107	-59	407	241
<i>Increase (-)/Decrease (+) working capital</i>	-245	-378	-62	-196
Cash-flow from operating activities	27	-138	1 213	1 048
Cash flow from investing activities	-101	-44	-1 591	-1 533
Cash flow from financing activities	-151	-183	318	286
CASH FLOW FOR THE PERIOD	-225	-365	-59	-199
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	741	892	741	892
Exchange-rate differences in cash and cash equivalents	25	11	63	49
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	542	538	745	741

BALANCE SHEET

CONDENSED CONSOLIDATED BALANCE SHEET SEK M	March 31 2023	March 31 2022	December 31 2022
ASSETS ¹⁾			
Intangible fixed assets	5 934	5 418	5 933
Tangible fixed assets	1 082	428	1 076
Right-of-use assets	1 707	1 622	1 526
Financial fixed assets	131	114	136
Deferred tax assets	18	13	19
Goods for resale	4 270	3 200	4 147
Current receivables	2 461	1 971	2 195
Cash and cash equivalents	542	538	741
TOTAL ASSETS	16 144	13 304	15 773
SHAREHOLDERS' EQUITY AND LIABILITIES ¹⁾			
Shareholders' equity	6 050	5 421	5 926
Long-term liabilities, interest-bearing	4 345	2 983	4 372
Long-term lease liabilities	1 186	1 136	1 020
Deferred tax liabilities	498	339	501
Long-term liabilities, non-interest-bearing	20	25	20
Current liabilities, interest-bearing	20	199	-
Current lease liabilities	529	481	520
Current liabilities, non-interest-bearing	3 495	2 720	3 416
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	16 144	13 304	15 773

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

INCOME STATEMENT

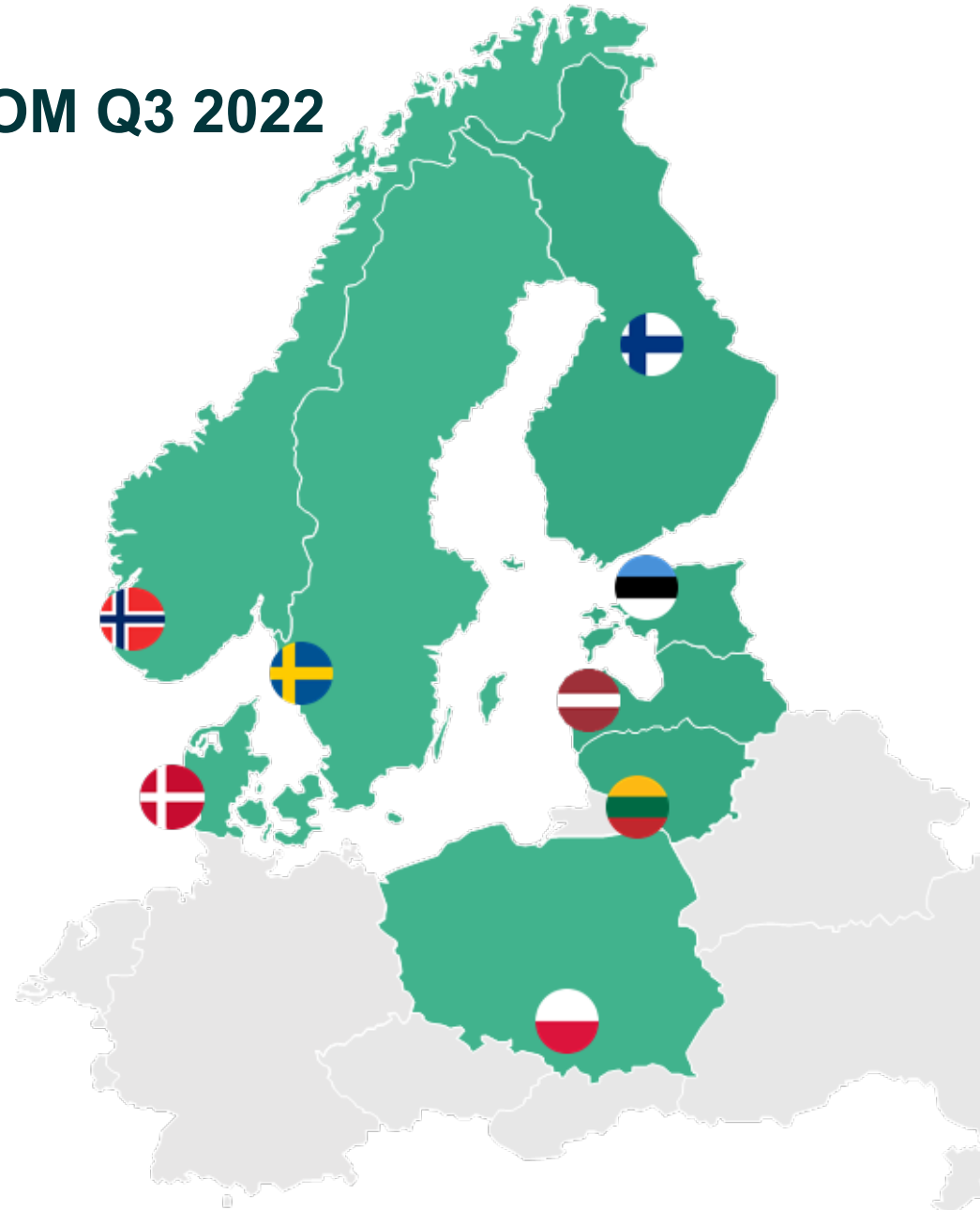
CONDENSED CONSOLIDATED INCOME STATEMENT, SEK M	Jan-Mar 2023	Jan-Mar 2022	12 months Apr-Mar	Full-year 2022
Net sales	3 973	3 155	14 885	14 067
Other operating revenue	79	71	333	324
Total revenue	4 052	3 226	15 218	14 391
Goods for resale	-2 199	-1 701	-8 243	-7 745
Other external costs	-572	-419	-2 125	-1 972
Personnel expenses	-856	-711	-3 188	-3 043
Operating profit before depreciation/amortization and impairment of tangible and intangible fixed assets (EBITDA)	426	395	1 662	1 631
Depreciation and impairment of tangible fixed assets and right-of-use assets	-179	-150	-705	-675
Operating profit before amortization and impairment of intangible fixed assets (EBITA)	246	245	957	956
Amortization and impairment of intangible fixed assets	-47	-55	-189	-197
EBIT	200	190	768	759
Interest income	5	2	20	17
Interest expenses	-67	-27	-193	-152
Other financial items	-24	-2	-64	-43
Profit after financial items	114	163	531	581
Tax	-30	-42	-92	-104
PROFIT FOR THE PERIOD	84	121	439	477
Profit for the period attributable to:				
Parent Company's shareholders	80	118	415	454
Non-controlling interests	5	3	24	23
PROFIT FOR THE PERIOD	84	121	439	477
Earnings per share before and after dilution, SEK	1,43	2,11	7,44	8,12

LARGEST OWNERS 2023-03-31

Voting rights and share capitals, %	
LKQ Corporation	26,6
Swedbank Robur Funds	11,3
Fourth Swedish National Pension Fund	8,7
Didner & Gerge Funds	5,2
Eva Fraim Pålman	3,1
AFA Insurance	3,0
Nordea Funds	2,7
Dimensional Fund Advisors	2,7
Vanguard	2,6
Ing-Marie Fraim	1,8
Total 10 largest shareholders	67,6
Others	32,4
Total	100,0

UPDATED BUSINESS AREA STRUCTURE FROM Q3 2022

- **Business Area Denmark;** The business area is unchanged compared with former Business Area FTZ
- **Business area Finland;** From Q3 2022 the BA includes Mekonomen Finland's operations (previously reported within business area MECA/Mekonomen) and the recently acquired Koivunen's operations in Finland
- **Business area Poland/the Baltics;** From Q3 2022 the BA includes former business area Inter-Team as well as the recently acquired operation in Estonia, Latvia and Lithuania
- **Business area Sweden/Norway;** From Q3 2022 the BA includes the former business area MECA/Mekonomen, excluding Mekonomen Finland who is reported in business area Finland
- **Business area Sørensen og Balchen (Norway):** The business area is unchanged compared with former business area Sørensen and Balchen



UPDATED LONG TERM FINANCIAL TARGETS

Sales growth

Rephrased

Annual sales growth of at least 5 percent

- through a combination of organic growth and smaller acquisitions, but excluding selective M&A

Adjusted EBIT growth

Updated

Annual adjusted EBIT growth of at least 10 percent.

Net debt/EBITDA

Unchanged

Net debt/EBITDA shall be in the range of 2.0-3.0 times.

Dividend policy

Updated

Dividends corresponding to 50 per cent of profit after tax.

- Potential acquisition opportunities, financial position, investment needs and buy-backs taken into consideration.