

Annual Report 2022



Enabling mobility

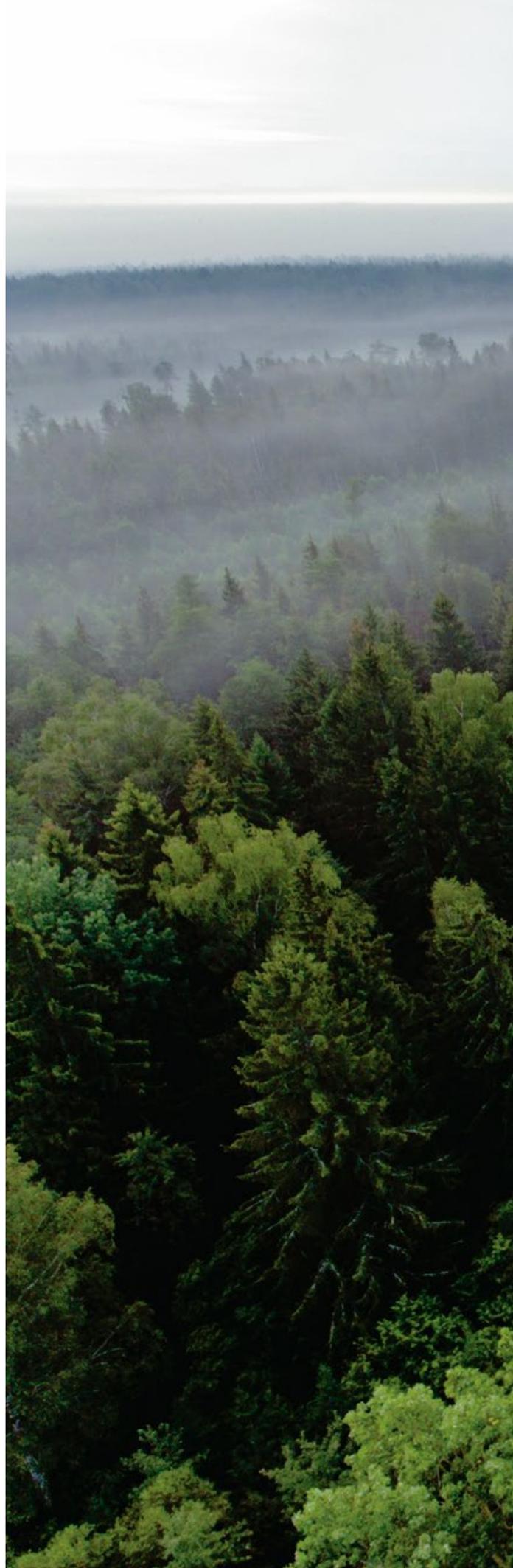
MEKO

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MEKO's formal Annual Report comprises pages 36–96. Only the original version of the formal Annual Report has been reviewed by the company's auditors. Regarding the sustainability report, the auditors have made a statement that the report has been established, see page 119.

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.meko.com.



Mobility today, tomorrow and in the future

The demand for mobility is timeless and sustainable over time. People have always had, and always will have, the need to move from one point to the next. We will continue to focus on profitability, growth and creating value for our customers as technology develops 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.

Business concept

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 technology develops 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 the service and repair of vehicles.

Net sales, SEK M

14,067

Adjusted EBIT, SEK M

945

Number of affiliated workshops

4,360

Number of branches

673

CEO's comments

A strong year – industry leaders in Northern Europe

2022 was a year when MEKO clearly demonstrated its strength. In a challenging surrounding environment, sales increased to a new historical level at the same time that we delivered our second best earnings to date. We took an important step in our international expansion and strengthened our position as industry leaders in Northern Europe. MEKO is now more strongly equipped for continued long-term profitable and sustainable growth – where we vigorously invest in the green transition and for the mobility of the future.

2022 will be remembered as a turbulent and uncertain year. Russia started a war in Ukraine. Inflation rose strongly and interest rates rose, at the same time that Europe was under pressure from a shortage of energy. MEKO managed to navigate this challenging environment well – thanks to our strong position in the market and a stable business model.

MEKO meets the constant need for functioning vehicles – regardless of the technology they are powered by.

We provide workshops with spare parts, services and workshop concepts under well-known brands. Thanks to our size, we have a massive purchasing power and an unbeatable availability. Few can match our geographic presence and efficient product flows whether in the city or the countryside. In 2022, we further strengthened this position, with a robust business model.

Milestones through acquisitions – and a new name

Through the acquisition of Koivunen in July 2022, we are now the largest in Finland and have also established ourselves in the Baltic region. This makes us industry leaders in Northern Europe with a presence in eight markets around the Baltic Sea. There are 75 million people and 35 million cars here, which means greater growth potential than before. Our new position makes me very optimistic about MEKO's opportunity to continue to grow sustainably with profitability.

In connection with the expansion to the east, we also changed our name. Mekonomen Group became MEKO. The name is of course recognised, which is the intention and alludes to our history. The name change also marks that we are entering a new chapter as an international company with a strong portfolio of brands and extensive sales even outside Scandinavia.

Higher growth despite uncertainty

Our markets were differently impacted by the turbulent international situation. The situation was favourable in our strongest growth markets, Poland and the Baltic region, while demand was stable in Sweden and Norway. The market in Denmark was more negatively impacted by the external situation and by fierce competition.

In total, net sales rose 14 per cent to SEK 14,067 M (12,309). Adjusted for the acquisition of Koivunen, net sales increased by 7 per cent. Organic growth was 3 per cent.

2022 in brief

- **Net sales** amounted to SEK 14,067 M (12,309). An increase of 7 per cent, adjusted for the acquisition of Koivunen. Organic growth was 3 per cent.
- **Adjusted EBIT** amounted to SEK 945 M (1,031) and adjusted EBIT margin amounted to 6.6 per cent (8.2).
- **EBIT** amounted to SEK 759 M (894) and the EBIT margin amounted to 5.3 per cent (7.1). EBIT was negatively impacted by items affecting comparability of SEK 70 M (positively: 3).
- **Earnings per share** before and after dilution amounted to SEK 8.12 (10.21).
- **Cash flow** from operating activities amounted to SEK 1,048 M (1,227).
- **Net debt** amounted to SEK 3,558 M (2,264).
- The Board proposes a **dividend of SEK 3.30** (3.00).

A man with short grey hair and black-rimmed glasses stands in a modern office hallway. He is wearing a dark, textured suit jacket over a black turtleneck sweater. The hallway has large windows on the right and recessed ceiling lights. The background is slightly blurred, showing office furniture and other parts of the building.

**“Thanks to our size,
we have a massive
purchasing power
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availability. Few can
match our geographic
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product flows.”**

As mentioned above, I see the growth in this environment as confirmation of MEKO's strategy. Our underlying strength contributed to us being able to maintain good profitability: 2022 became the second most profitable year in absolute terms since the company was founded, only topped by the record-breaking 2021.

Adjusted EBIT amounted to SEK 945 M (1,031) and adjusted EBIT margin amounted to 6.6 per cent (8.2). EBIT amounted to SEK 759 M (894) and the EBIT margin amounted to 5.3 per cent (7.1).

Initiative for higher profitability – in line with our strategy

Our size means greater opportunities for synergy gains, an area where we have built up extensive expertise over a long period of time. In 2022, we began to bring home the synergies that were identified prior to the acquisition of Koivunen. But we also raised our level of ambition. To increase the pace of the entire Group's efficiency improvements, we adjusted the division of our business areas. The new, geographically based division contributes both to reduced costs and higher revenues over time.

We also redoubled the efficiency improvement work in MEKO's business areas. Among other things, decisions were made regarding restructuring in the Norwegian operations in the Sweden/Norway business area. Common to all initiatives is that they improve profitability at the same time that they benefit our customers. We always strive to increase our availability and will prioritise this work in the future, in line with our strategy.

Investments for growth – and for the mobility of the future

MEKO devotes great effort to investing for future growth. An important investment area is our distribution capacity and our assortment. We have already built a fully automated warehouse in Strängnäs, Sweden, which lowered our costs and increased the efficiency of product handling. During the year, we decided to take this successful model to Denmark and Norway, where we will build new, high-tech central warehouses.

We know that the need for mobility is timeless. We also know that the car is the unchallenged number one when people choose their means of transport. This was confirmed in MEKO's Mobility Barometer 2022 – a new, comprehensive report on mobility habits in the Nordic region that was launched during the year. The report confirms the focus of our investments to meet and create demand for new offers around modern car life, where more and more customers want to reduce their climate footprint.

During the year, we also developed a new digital booking system that will make it easier for our customers. We also saw significant growth in the service business with companies – an area of huge potential for MEKO.

Leading the transformation towards an electrified future

The mobility of the future involves lower climate-damaging emissions and the transition towards an electrified car fleet is continuing with full force. Our ambitious training effort for electric car technicians continued in 2022. We have continued the work of developing workshops to achieve full electric car expertise in our own training standard E+, a concept that was expanded to all of our markets. In parallel with this, we expanded the availability of spare parts for electric cars, where we now offer a full-scale assortment. The goal is a matter of course: We will be the first choice for all electric car owners in Northern Europe – in the same self-evident manner that we have been the leader in welcoming all petrol- and diesel-powered cars. I am pleased that we already have that position.

The transition also gives us a broad range of other growth opportunities. In recent years, we have signed agreements with electric car manufacturers seeking partners for service and maintenance in our part of Europe. This future business continued to grow in 2022 when we reached an agreement with the Norwegian technology and innovation company Electric Way to become a service partner for the Chinese electric car brand VOYAH. The decisive factors were MEKO's geographic network and expertise.

“We know that the need for mobility is timeless. We also know that the car is the unchallenged number one when people choose their means of transport.”

Financial summary

Key figures	2022	2021	2020
Net sales, SEK M	14,067	12,309	11,511
Adjusted EBIT, SEK M	945	1,031	937
EBIT, SEK M	759	894	738
Profit for the year, SEK M	477	587	446
Earnings per share, SEK	8.12	10.21	7.67
Adjusted EBIT margin, %	6.6	8.2	8.0
EBIT margin, %	5.3	7.1	6.3
Cash flow per share, SEK ¹⁾	18.8	21.9	28.9
Dividend per share, SEK ²⁾	3.30	3.00	–
Return on shareholders' equity, %	8	12	10
Equity/assets ratio, %	38	40	38
Net debt/EBITDA, multiple ³⁾	3.36	1.89	2.54

1) From operating activities.

2) The Board's proposal for 2022.

3) Net debt/EBITDA refers to EBITDA ex IFRS 16.

Sustainability as a part of the business concept – with even greater ambitions

By investing for future mobility, we want to both develop our business and drive a green transition in our industry towards increased sustainability.

In fact, MEKO’s business model itself is based on an idea of sustainability. We repair and maintain vehicles so that they can last longer, which contributes to increased circularity and which is often better for the climate than buying a new car – even if it would be a more fuel-efficient car. The climate footprint from new production is often greater than if the existing car is cared for, repaired and used for a few more years.

At the same time, we want to minimise our own footprint in the business. We have therefore increased our ambitions at the beginning of 2023 by committing to setting scientifically based climate targets, known as science-based targets (SBT). This is a milestone for MEKO’s sustainability work, and marks intensified efforts throughout the Group. We have started the work of setting goals and then aim to complete the process in accordance with the steps that follow the science-based targets (SBT). In addition, we continue to support the UN’s Global Compact initiative. Work with sustainability issues is a high priority and I am pleased that we are now so clearly increasing the pace.

A solid financial position provides the possibility of an increase in dividends

In financial terms, MEKO stands strong with a good earning capacity, a good cash flow and a solid financial position.

At the end of 2022, our net debt amounted to SEK 3,558 M. This gives a net debt in relation to EBITDA of 3.36 times, which is slightly above our target for a debt ratio of between 2 and 3. This level is mainly attributable to the acquisition of Koivunen, which clearly strengthens our cash flow and our profitability as the operations are integrated.

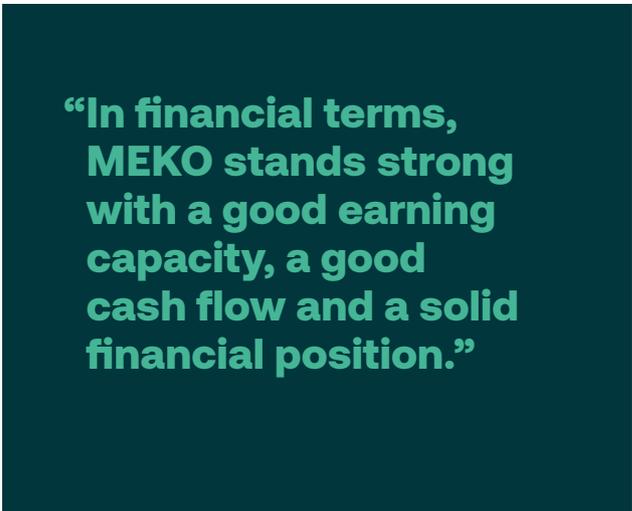
MEKO’s stable financial position is one of the reasons why the Board is proposing an increase in dividends to SEK 3.30 per share (3.00) for 2022. I see this as very positive – and further proof of MEKO’s capacity where we will be an attractive investment even when the conditions in the surrounding world are challenging.

We enable mobility – today, tomorrow and in the future

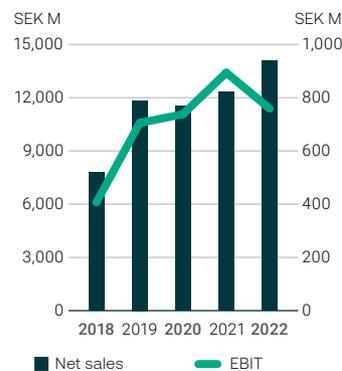
Overall, 2022 has given me strength and provided me a great deal of inspiration. Today, we are in a better position than before to grow sustainably and with improved profitability. We are expanding our existing business – and at the same time investing with full strength in the most requested offerings of tomorrow with a lower climate footprint. We are constantly moving forward, with the same timeless vision: MEKO enables mobility – today, tomorrow and in the future.

I would like to give a big thank you to everyone who has been part of our mobility journey in 2022.

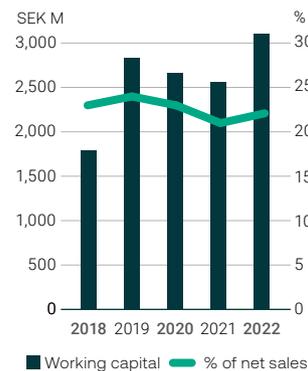
Pebr Oscarson,
President and CEO



Net sales and EBIT



Working capital



Market leader in Northern Europe

Sweden

Net sales 3,717
 Number of branches 193
 Number of affiliated workshops 1,005
 Number of employees 1,617

Norway

Net sales 3,185
 Number of branches 129
 Number of affiliated workshops 1,033
 Number of employees 1,051

Denmark

Net sales 3,689
 Number of branches 50
 Number of affiliated workshops 1,023
 Number of employees 1,144

Poland

Net sales 2,421
 Number of branches 86
 Number of affiliated workshops 931
 Number of employees 1,547

Finland

Net sales 728
 Number of branches 170
 Number of affiliated workshops 335
 Number of employees 463

Estonia

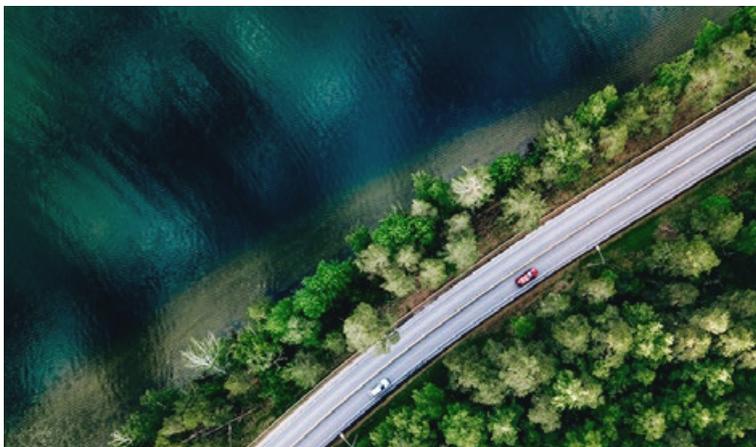
Net sales 231
 Number of branches 32
 Number of affiliated workshops 33
 Number of employees 172

Latvia

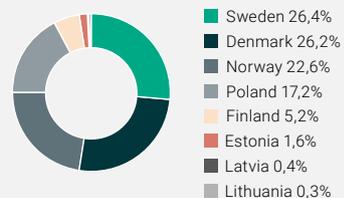
Net sales 60
 Number of branches 6
 Number of affiliated workshops 0
 Number of employees 38

Lithuania

Net sales 36
 Number of branches 7
 Number of affiliated workshops 0
 Number of employees 36



Net sales by country



Market leader in the automotive aftermarket in Northern Europe

Number one in Northern Europe

MEKO is the largest in Northern Europe in the automotive aftermarket. We are present in eight markets with more than 600 branches with our own strong brands in each market and in our 4,360 affiliated workshops, we serve around 20,000 workshop customers. Overall, we have the industry's largest availability where we create significant value through our massive purchasing power and unbeatable logistics with high-efficiency flows of goods. Few can match our strength – a strength that gives us a unique ability to create profitability.

Profitable growth

– through carefully selected acquisitions

MEKO's business is constantly growing. We are growing organically and through carefully selected acquisitions – to expand geographically or strengthen the position we already hold. For more than a decade, we have made strategic acquisitions in Sweden, Norway, Denmark, Poland, Finland, Estonia, Latvia and Lithuania – and more markets await. We have extensive experience in improving and streamlining the acquired operations. We create the right conditions and offer an optimal context for the operations to achieve their full potential. Our acquisitions are a central part of our profitable growth.

Secure business model, strong cash flows

– large shareholder value

MEKO's business model is well-proven and builds on the timeless need for mobility. There is always a demand for vehicles that work that make this mobility possible. For half a century, MEKO has provided workshops, other companies and car owners spare parts, repairs and service – in good times and in bad. The business model is sustainably profitable with stable and strong cash flows. Even in deep economic downturns, we have demonstrated our resilience with stable high profitability and dividends to shareholders.

Leading in the green transition

– to be the number one in electric cars

MEKO is driving the industry's transition towards greater sustainability. A natural part of this is that our affiliated workshops aim to be number one in servicing and repairing electric cars – and we are already the market leader today. We have an equally comprehensive range of spare parts for electric cars as we have for cars with combustion engines. During the necessary transition to a fossil-free car fleet, several different types of vehicles will need service for decades to come. MEKO's role is a matter of course: We enable mobility – today, tomorrow and in the future, regardless of the technology in the cars.

Leading in creating new services

– for the car life of the future

The need for mobility is constant and the car is the unchallenged number one when the individual chooses a means of transport. But the world is developing and our habits are developing with it. MEKO is the leader in developing services to meet and create new needs. For example, we are successfully accelerating the service business for all car owners – companies as well as individuals. We offer digital booking possibilities and service subscriptions and continuously develop new services to make it easy and attractive to be one of our customers – physically and through digital platforms. We enter partnerships with electric car manufacturers, such as Fisker, and other companies that complement our business with the clear goal of continuously improving our offering to customers. This is how we create sustainable growth.

Business model

How we create value

Our size is our strength

Our core business encompasses purchasing, warehousing and sales of spare parts to workshops, other companies and car owners. Sales of products primarily take place through our digital spare parts catalogues and are distributed to our customers through a broad network of branches and local warehouses. In addition, we develop and provide concepts with services and solutions that streamline and create profitability for workshops and simplify car life for car owners.

By being close to our business areas and focusing on cooperation, we ensure that economies of scale such as purchasing synergies and efficiency are obtained. We work with best practices to benefit from and learn from our strengths in the respective market. Our size and strong position mean that we have muscles to invest in the core business while creating growth through business development and acquisitions. In this way, we create value for our stakeholders.



Central purchasing

Through a central purchasing organisation, we create economies of scale that enable us to purchase and stock an affordable and broad range of high-quality spare parts and accessories.



Branches and local warehouses

We distribute products from our central and regional warehouses to customers through a nationwide network of branches and local warehouses.

Value for our stakeholders



Customers

We create conditions for efficiency and profitability for workshops and simplify car life with the ambition of a seamless and digitalised customer experience for the car owners.

Read more about the offer on page 16 →



Business partners

We attract partners with our size, established position, expertise and our strong concepts.

Read more about the strategy on page 13 →



Workshop concepts

Our concept-affiliated customers have access to a broad range of facilities, technical support, skills development, quality and management systems, business systems and a large flow of customers through our central booking flows.



The car owner meets us through our concepts

Our concepts are developed with a high level of customer insight to ensure the customer experience from beginning to end. Car owners, both private individuals and companies, meet us through our store and workshop concepts.



Employees

We are to be an inclusive workplace with opportunities for development and involvement. We employ an average of 6,068 full-time employees in the Group.

Read more about employees on page 22 →



Owner

Shareholders invest in a sustainable and profitable business model with stable and strong cash flows. The Board proposes a dividend of SEK 3.30 for 2022.

Read more about the share on page 34 →



Society

We create employment and contribute to sustainable development by complying with the major international agreements and driving sustainable development in our industry.

Read more about sustainability on page 20 →

Market

A stable growing automotive market

The primary driving forces in the aftermarket for cars and light trucks is the number of cars on the roads and their mileage. Global trends and new technology contribute to a changed need among the customers, creating new growth opportunities.

It is important to have a strong understanding of how the market and our customers' needs change and how the industry and the company are affected by it. By making use of these driving forces, we create long-term and sustainable growth.

As a rule, the need for maintenance and repair does not increase until the cars reach an age of five years. At the same time, new automotive technology and other global trends are creating new needs and expectations among the customers, including when it comes to digitalisation, sustainability and availability. The need for new solutions and services, regardless of the age of the cars, provides an opportunity for existing actors to broaden and integrate their offers or for new actors to enter the market.

Except for periodically during the COVID-19 pandemic, the growth in the number of vehicles and mileage driven has been stable in all of the Group's markets.

The trend of consolidation, where actors grow through the acquisition of other industry actors, remains strong. MEKO has actively participated in the consolidation in Europe for more than a decade through the acquisitions of Sørensen og Balchen in Norway (2011), MECA in Sweden and Norway (2012), FTZ in Denmark (2018), Inter-Team in Poland (2018) and most recently the acquisition of Koivunen in Finland with operations also in the Baltic region (2022).

Acquisition of Koivunen

In the summer of 2022, MEKO acquired the Finnish corporate group Koivunen, and associated Baltic operations. Through the acquisition, MEKO further strengthened its position as a market leader in the automotive aftermarket in Northern Europe – with operations all around the Baltic Sea, including: Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Sweden and Poland.



Global trends drive the industry

Trend

This is how MEKO meets the trends

Big Data & Digitalisation

Analysis of data provides better understanding of the customers' needs. Digitalisation enables efficiency improvement and automation.

By drawing conclusions from data, we can automate the flows and create tailor-made customer offerings. Digitalisation of the customer journey creates integrated solutions, transparency and simplicity for both workshops and car owners. At the same time, it creates major opportunities for more efficient logistics through the shortening of value chains and optimisation of logistics flows. MEKO is continuing to invest in the digitalisation of the customer journey and automated central warehouses with the aim of creating conditions for new and integrated solutions, transparency and simplicity for the customers.

New technology & zero emissions

To reduce the climate impact from the transport sector, a transition is under way from fossil-powered vehicles to electric and hybrid cars. Modern technology in the cars with new functions that among other things help the driver to park and navigate.

MEKO is dedicated to training workshops, ensuring the supply of spare parts for electric and hybrid cars and developing services for electric car owners. Today, we offer a full range of products for electric and hybrid cars. Through the Group's leading training academies, workshops are continuously trained in new technology. MEKO also offers modern workshop equipment and machines so that the workshops can perform maintenance of cars with the latest technology and calibration of autonomous systems.

New customer behaviours

Carpools, leasing and other forms of car ownership meet new customer needs.

Understanding new customer needs creates new business opportunities. For example, solutions for simplifying carpooling or the distribution of how the vehicles are used. No matter what the car ownership looks like, MEKO can handle, service and repair the cars. In Denmark, Norway and Sweden, for example, we offer workshop services where the workshop goes to the customer, at work or at home, to service the car.

Markets with potential

	 Denmark	 Estonia	 Finland	 Latvia	 Lithuania	 Norway	 Poland	 Sweden
Population (millions)	5.9	1.3	5.5	1.9	2.8	5.4	37.8	10.5
GDP growth (%)	3.2	-0.3 ¹⁾	1.3	1.8 ¹⁾	1.9 ¹⁾	1.8	4.9	2.4
Number of cars (millions)	2.8	0.8	3.6	0.8	1.6	3.0	25.9	5.0
Growth in number of cars (%)	2.3	2.1	0.9	2.6	2.9	2.3	3.0	0.9
Kilometres driven (10 billions)	4.2	0.8	4.7	1.0	2.0	3.2	41.6	5.6
Cars >3 years (%)	71.1	88.5	84.2	92.5	93.1	77.5	91.2	80.0
Purely electric cars (%)	4.0	0.3	2.0	0.2	0.2	22.0	<0.1	5.0

Source: Latest available data collected in March 2023 from Eurostat, CEIC Data, Wolk and European Alternative Fuels.

¹⁾ European Commission, Economic surveillance of EU economies, retrieved March 2023.
https://economy-finance.ec.europa.eu/economic-surveillance-eu-economies_en

A woman with long dark hair, wearing a floral patterned shirt and a dark vest, is leaning against a silver car roof rack. She is looking towards the right. The background is a bright sunset over a body of water, with the sun low on the horizon. The car is dark-colored, and the roof rack is silver. The overall mood is serene and suggests a lifestyle of mobility and freedom.

MEKO's strategy is based on our vision: We enable mobility

In 2022, the company, formerly Mekonomen Group, implemented the name change to MEKO with the aim of more clearly reflecting the business's breadth and showing that the Group is more than one important brand. The name change was approved by the shareholders at the company's Annual General Meeting on 20 May 2022.

Strategy

Strategy for a profitable and sustainable business

MEKO’s strategy is based on our vision: We enable mobility. We will be the best and most comprehensive partner for everyone who drives, repairs and maintains cars, regardless of which vehicle is driven on the road. To be relevant in the future, we are convinced that good sustainability work is crucial.

MEKO creates a long-term profitable and sustainable business by utilising the Group’s size and strong market position. With adapted offers based on the customers’ needs, society’s development and future trends, the Group enables mobility.

The Group’s strategy is based on four strategic areas that will contribute to creating value for customers and profitable sustainable growth for the company. This strategy permeates the entire Group’s operations and sustainability is an integrated part of the business. Committed employees and differentiated concepts are the company’s foremost assets.

MEKO offers a scalable and flexible business that challenges and develops the industry. The business is independent of the economic cycle, what technology is used in the cars and how the cars are used. We will meet the needs of workshops and car owners in the way that is easiest for them – without them having to search elsewhere.

It is important to keep pace with development in terms of new technology, competition, new customer behaviours and new expectations. MEKO works proactively to continuously develop the business and ensure that our offering is relevant over time.

MEKO is to be a responsible company and take into account all the necessary sustainability aspects. As market and industry leaders, we have a major social responsibility to reduce our climate impact and lead the way in sustainability and development for both others in the industry and others in the market. By being a sustainable actor, we create the conditions to achieve our financial goals.

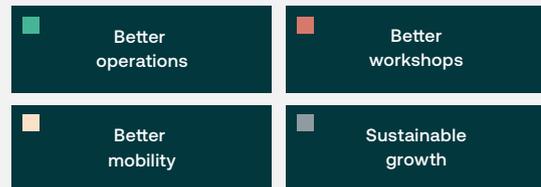
Vision

Our vision governs our decisions and our strategy. Our strategy helps us achieve our financial targets.

Strategic focus areas

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

We enable mobility today, tomorrow and in the future



We act with respect, commitment and with the customer in focus

■ Better operations

MEKO strives for a better and sustainable core business through greater availability and cost-efficiency, committed employees and flexible and scalable solutions. Our ambitions also encompass our suppliers to ensure that we increase profitability and are ahead of competitors.

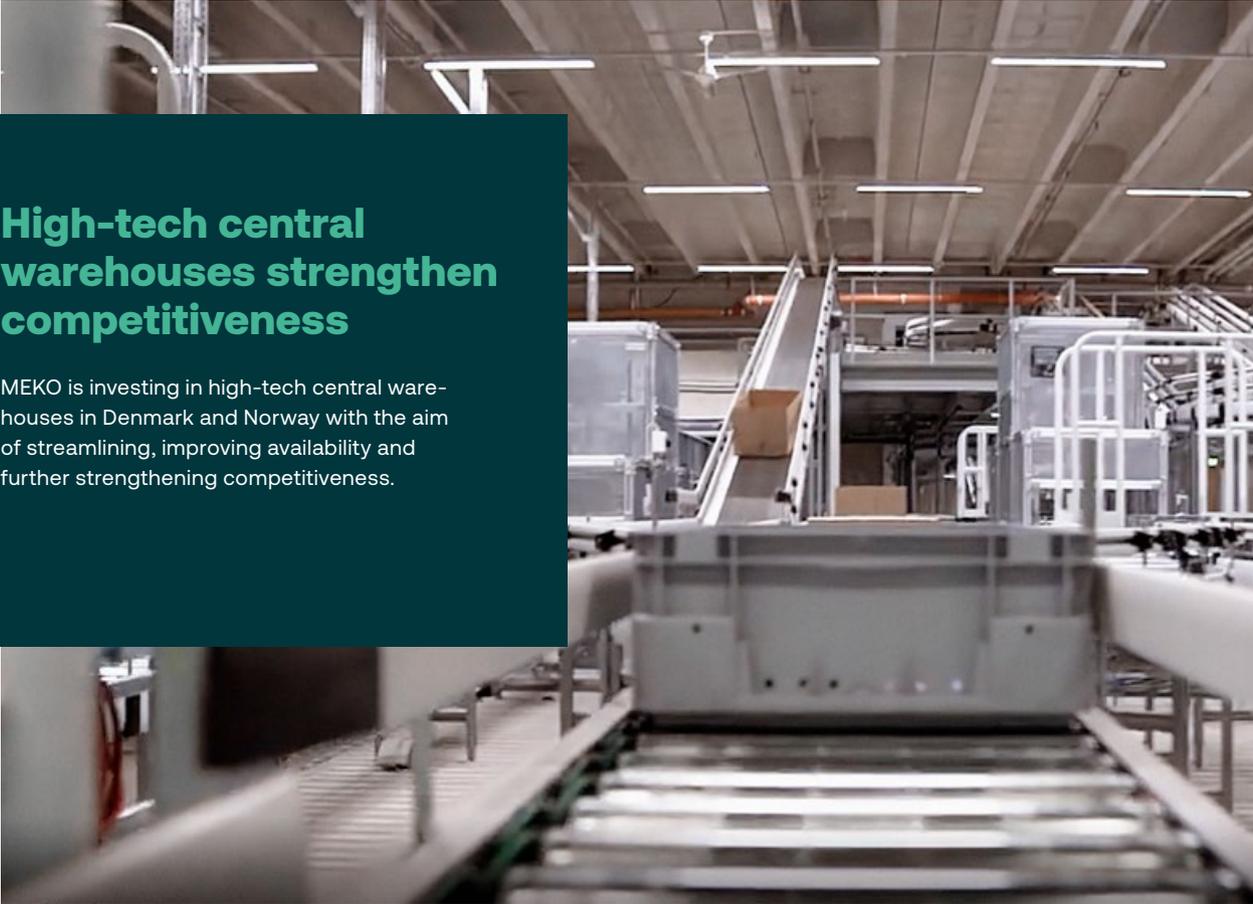
Activities 2022

- Initiated work on modern and fully automated central warehouses in Denmark and Norway.
- Private label and own brands. Our leading position gives us a platform to grow with our own brand products: a broader product range and better purchasing prices. This gives us full control over pricing and margins.

- Conducted a new Group-wide employee survey with follow-up activities with the aim of further improving leadership, the work environment and the employees' commitment.

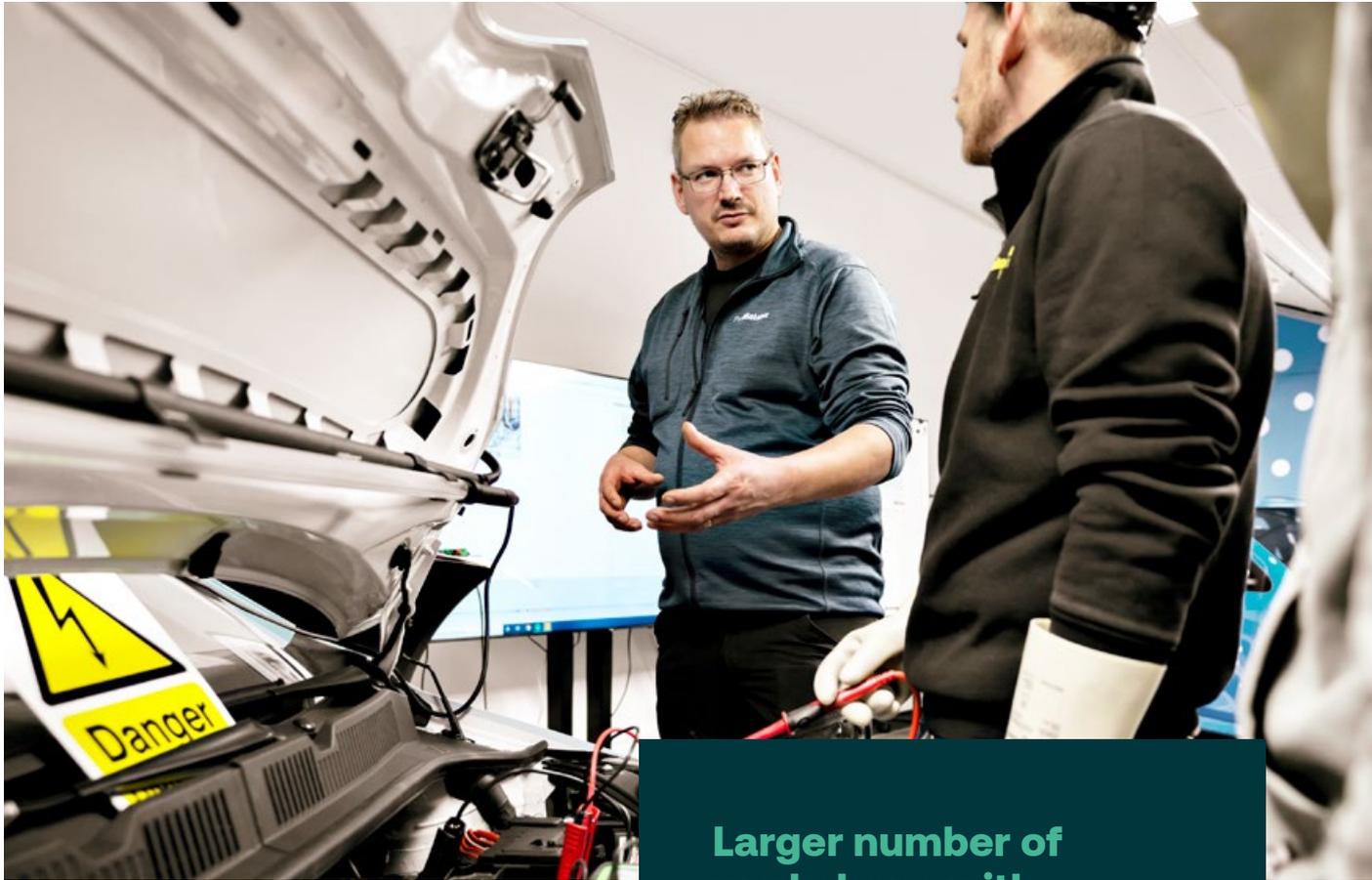
Priorities 2023

- Private label strategy with growth potential. Through the development and broadening of our own range of brand products, there is potential to build stronger loyalty among workshop customers.
- Working with the Group's IT strategy by moving to shared systems. The work begins with a shared business system and a digital platform for online bookings.



High-tech central warehouses strengthen competitiveness

MEKO is investing in high-tech central warehouses in Denmark and Norway with the aim of streamlining, improving availability and further strengthening competitiveness.



Larger number of workshops with electric car expertise

In 2022, the number of trained electric car workshops increased significantly. A majority of the Group's workshops are now trained in E+, the Group's own standard that ensures that workshops and vehicle technicians have the right expertise and tools to handle and maintain electric cars.

■ Better workshops

We are developing our workshop concepts to attract new customer groups, increase workshop loyalty with existing customers and create sustainable, profitable workshops that exceed the car owner's expectations.

Activities 2022

- Strengthened the workshop concepts within the Group further through continued training in the E+ electric car standard in all of our markets.
- Conducted our extensive annual customer survey among workshops with follow-up activities to further increase customer satisfaction.

Priorities 2023

- Evaluating new business models for concept-affiliated workshops.
- Offering a more sustainable workshop alternative together with extensive support to limit the workshop's environmental impact.

Better mobility

We create new digital customer solutions that strengthen our offering throughout the value chain and enable sustainable mobility for all. We strive for a good relationship with the car owner and work to provide a unique customer journey that anticipates and meets the customers' needs.

Activities 2022

- Developing the Group's proprietary booking system.
- The Fleet portal is a fully developed platform for B2B business that is directly linked to the online booking flow for a fully digital customer journey.
- The Fleet business DriveClever in Denmark has developed the B2B offering by establishing two customer centres with the aim of increasing customer satisfaction and strengthening competitiveness.

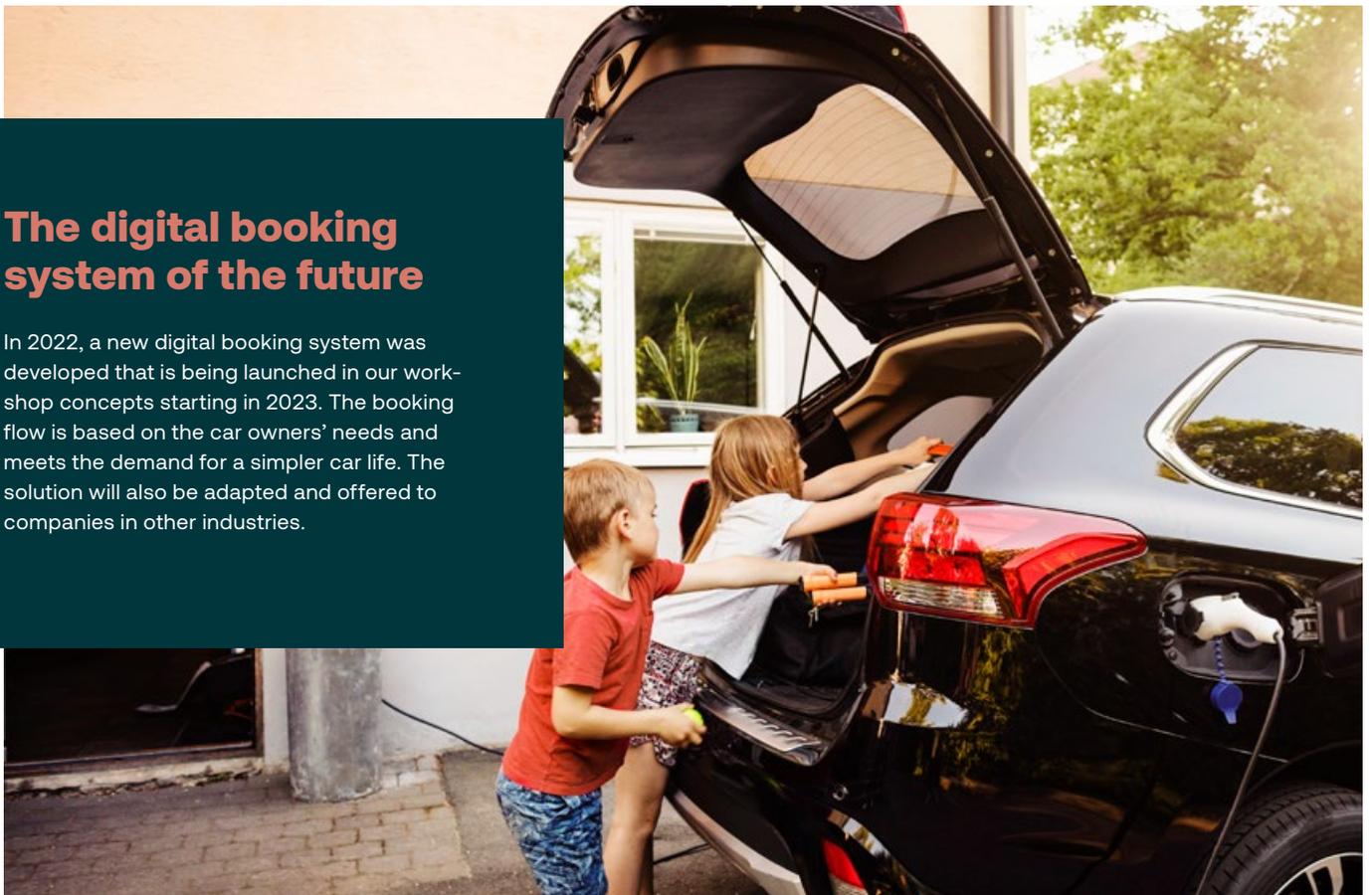
- Mobile workshop is a concept established in Denmark and from 2022 also in Sweden and Norway. Mobile workshops mean that workshop work is done outside the workshop, at the location chosen by the customer. The aim of the service is to be able to offer our customers a higher level of service in a manner that also benefits the workshop.

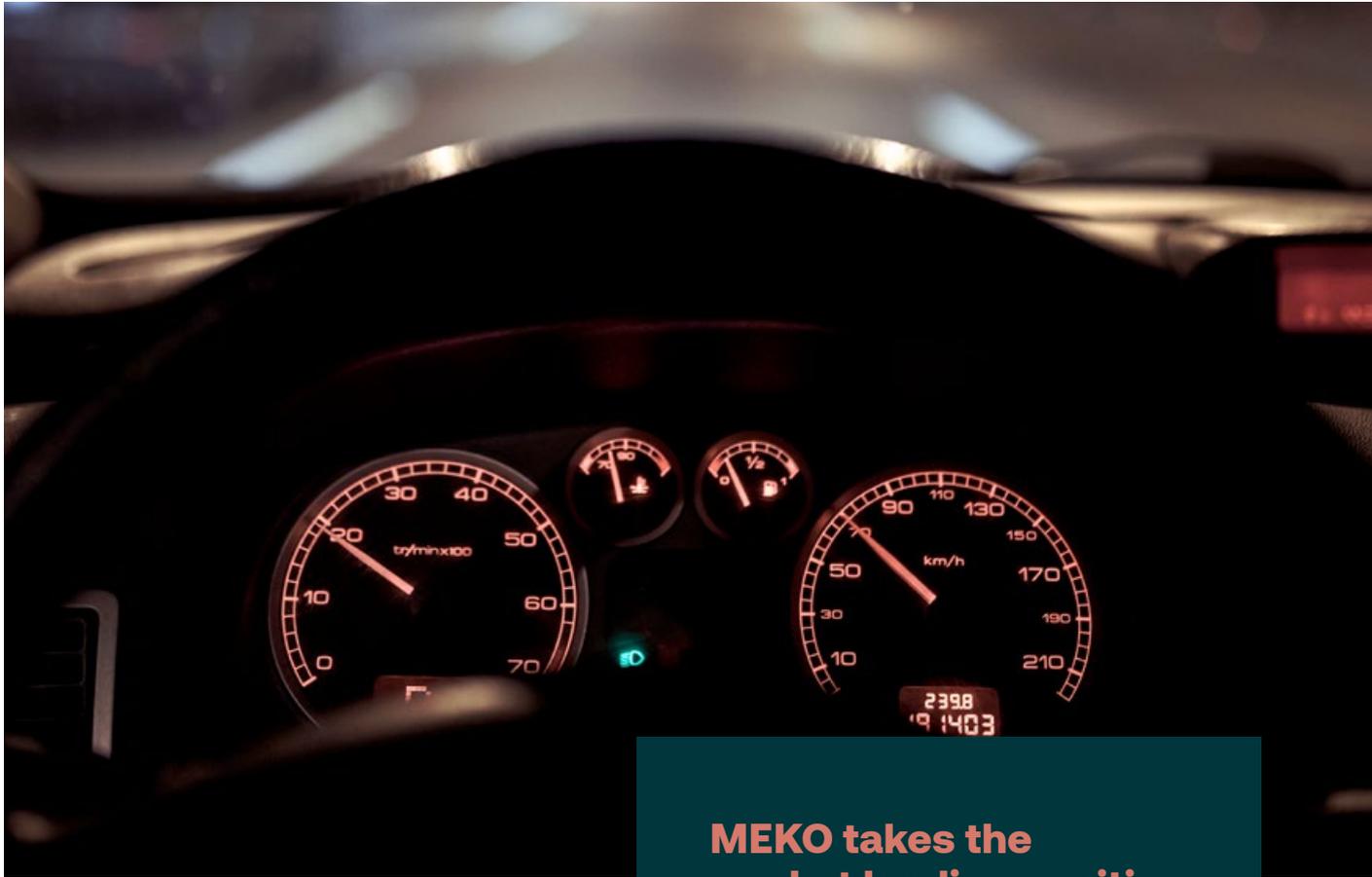
Priorities 2023

- Implementation throughout the Group of the proprietary digital booking system.
- Begin the development of a more sustainable customer journey.

The digital booking system of the future

In 2022, a new digital booking system was developed that is being launched in our workshop concepts starting in 2023. The booking flow is based on the car owners' needs and meets the demand for a simpler car life. The solution will also be adapted and offered to companies in other industries.





MEKO takes the market leading position around the Baltic Sea

The acquisition of Koivunen in Finland, and associated operations in the Baltics in the summer of 2022 meant that MEKO strengthened its market-leading position in Northern Europe with operations all around the Baltic Sea.

Sustainable growth

We strive for sustainable and stable growth through acquisitions, innovation, development and new collaboration. By adding new products and services to our existing operations, we capture new customer segments, improve the relationship with existing customers and increase new long-term sustainable revenue.

Activities 2022

- Acquisition of Koivunen that contributed to MEKO's expansion around the Baltic Sea.
- Collaboration agreement with Mobivia Fleet Solution that enables the Group to offer services to customers who are active in several markets in Europe.

Priorities 2023

- Expand the offer in existing operations. For example, launching a tire business in Norway and establishing car glass repair in Sweden.
- Continued geographic expansion according to the acquisition strategy and monitoring and evaluating new actors.
- Establishing contracts and cooperations with new electric car manufacturers.

Goals and goal fulfilment

Financial targets¹⁾

Target	Outcome 2022	Development 2018–2022
<p>>5% sales growth</p> <p>Average annual sales growth, with a combination of organic and acquired growth.</p>	<p>14%</p> <p>For 2022, net sales increased by 14 per cent (7), mainly as a result of the acquisition of Koivunen. Organic growth amounted to 3 per cent.</p>	<p>Legend: — Goal ■ Outcome</p>
<p>10% operating margin, adjusted</p> <p>An adjusted operating margin of 10 per cent annually.</p>	<p>6.6%</p> <p>For 2022, the adjusted operating margin amounted to 6.6 per cent (8.2). We continue to see major opportunities to streamline the core business and extract synergies from the acquisition of Koivunen.</p>	
<p>2.0–3.0 net debt/EBITDA²⁾</p> <p>Net debt/EBITDA will be in the range 2.0–3.0 times in the long term.</p>	<p>3.36</p> <p>Net debt/EBITDA increased to 3.36 (1.89) in 2022, including a six-month earnings effect from Koivunen. Net debt increased to SEK 3,558 M (2,264) as a result of the acquisition of Koivunen.</p>	
<p>>50% dividend ratio</p> <p>Dividends corresponding to at least 50 per cent of profit after tax³⁾.</p>	<p>41%</p> <p>The Board of Directors proposes a dividend of SEK 3.30 per share for 2022 (3.00). This decision is based on the Group's good earnings and cash flows and MEKO's strong position in the market.</p>	<p>Legend: — Goal ■ Outcome</p>

1) MEKO presented updated financial targets in connection with a capital market day on March 21, 2023, see separate press release at meko.com.

1) Net debt/EBITDA, excl. IFRS 16.

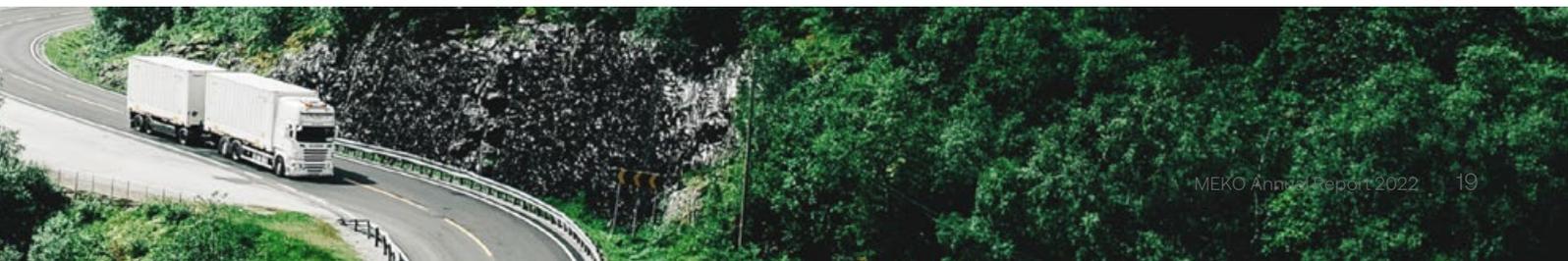
2) In the dividend proposal, the Board of Directors takes into consideration the Group's potential acquisition opportunities, financial position, investment needs and future outlook.



Sustainability targets

Target	Outcome 2022	UN Global Goals
<p>100% representation in teams</p> <p>Both genders are to be represented in all teams¹ and gender distribution among managers corresponds to the gender distribution in the Group.</p>	<p>46%</p> <p>In 2022, 46 per cent of the Group's teams were represented by both genders. The percentage of female/male managers was 13/87 per cent compared with distribution in the Group, which was 18/82 per cent.</p>	
<p>3.9 commitment index</p> <p>We strive for a high level of commitment among all employees. In 2022, we aim to reach a commitment index of 3.9 out of 5.0.</p>	<p>3.9</p> <p>The commitment index in the Group's employee survey in 2022 was 3.9 out of 5.0, which means that the target was achieved.</p>	
<p>100% renewable electricity</p> <p>By 2025, all premises with their own electricity agreements will have renewable electricity.</p>	<p>16%</p> <p>The share of renewable electricity is 16 per cent today and the work to reach the target is going in the right direction.</p>	
<p>70% electric and hybrid competence</p> <p>By 2025, 70 per cent of affiliated workshops will fulfil our requirements for electric car workshops².</p>	<p>82%</p> <p>The target was reached in 2021 as 82 per cent of the workshops meet our requirements.</p>	
<p>≥95% requirement-specified purchasing</p> <p>≥95 per cent purchases of direct material are to be made from suppliers that have signed the Group's Supplier Code of Conduct by 2025.</p>	<p>91%</p> <p>The Group has several new suppliers through the acquisition of Koivunen in 2022, which led to a decrease compared with 2021. The outcome excluding Koivunen was 97 per cent.</p>	

1) A team is a unit/department within the Group, such as a store or a department in an office. In 2023, this target is replaced by a new target, see page 110.
 2) The target has been reached and is replaced by a new target from 2023, see page 110.



Sustainability

We shall be the leader in sustainability in our industry

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

Sustainability is an integrated part of MEKO's strategy and must permeate our entire business. Major global challenges such as climate change and the transition to a circular economy together with greater demands from stakeholders and legislation lead to greater focus on sustainability issues. We are convinced that a sustainable transition goes hand in hand with the business and we believe that as a major actor in our area, we have a responsibility, and an opportunity, to become a leader in our industry. Read more about our strategy on page 13.

The organisational governance for the strategic sustainability work rests with the Group Management Team, where the Director of Business Development, Strategy and Sustainability has the overall responsibility.

The Board is ultimately responsible for establishing overall targets and strategies for the operations. Prior to 2022, a number of company-wide targets were set, including sustainability-related targets. The Board of Directors follows up the sustainability work in the Group Management Team's reporting. Part of the variable remuneration of the President and CEO and senior executives is conditional on selected sustainability targets being met.



WE SUPPORT



MEKO is a signatory of the UN Global Compact's principles in the areas of human rights, working conditions, the environment and anti-corruption.



Our connection to the UN Sustainable Development Goals



Affordable and clean energy

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



Decent work and economic growth

- Our overall goal is to develop with high profitability and thereby generate value for the shareholders. Good profitability means that we can continue to work and create jobs and contribute to society through e.g. the payment of taxes.
- The Group's values are presented in our Code of Conduct. We have zero tolerance for corruption.
- We invest resources in the training of future vehicle technicians to increase the supply of trained labour.
- As employers, we have a responsibility with regard to the terms of employment, the working environment, gender equality, diversity and inclusion.

Responsible consumption and production

- A properly maintained vehicle contributes to traffic safety and reduces the vehicle's environmental impact as much as possible during its lifespan.
- We have procedures and take responsibility in the purchase, sale and use of chemicals.
- We have procedures and take responsibility for our waste management.
- Our responsibility for the supply chain means defining requirements for and monitoring of our suppliers in terms of human rights, employment conditions and environmental and climate impact in the manufacturing process and raw materials.

Climate action

- By developing our products and services for the growing share of vehicles that run on alternative fuels, such as biofuels and electricity, we contribute to a transformation to a climate-neutral society.
- Through internal improvements in resource and energy efficiency, we reduce our impact on the environment and climate.
- We have committed to setting science-based climate targets.



An attractive employer with committed managers and employees



Strong commitment among our managers and employees is the basis for a pleasant workplace, satisfied customers and strong earnings. Good leadership with regular feedback and stimulating and developing tasks are factors that are clearly linked to the commitment of our employees. For MEKO, being an attractive employer means the ability to attract, retain and activate employees.

Employee survey with positive results

With a continued focus on leadership and engagement, a Group-wide employee survey was again conducted in 2022. The employee survey covers issues such as how employees view development opportunities, inclusion, teams, their managers and the overall strategy.

The response rate for the 2022 survey was 79 (78) per cent of the employees, which shows that the Group's employees want to contribute to improving the Group, their workplace and their own work situation. Thanks to concrete plans to work with identified improvement areas from the previous employee survey, the engagement index increased to 3.9 (3.8), which means that the target for 2022 was achieved. MEKO's long-term goal by 2027 is to achieve a commitment index of at least 4.0. After the survey, every

business area and team analysed their results and prepared plans for improvement measures. The analysis of the employee survey shows a clear connection between a high level of commitment, good profitability and satisfied customers.

Ensuring competence

Competence development among MEKO's employees takes place continuously in their daily work and through internal and external courses. Vehicle technology is rapidly evolving with increased digitalisation and alternative fuels such as electric power. It is therefore important that we safeguard the development of skills among employees in the Group and in the associated workshops. The Group has training academies in all business areas, offering a wide range of courses in workshop operations and automotive technology.

MEKO continued its cooperation with the school actor Lärande i Sverige where MEKO has its own upper-secondary schools in four locations in Sweden. In 2022, 28 vehicle technicians graduated, which means that a total of 74 vehicle technicians have graduated since the start. In addition, MEKO has cooperation with upper-secondary schools in most of the Group's main markets.



MEKO trainee/talent programme

In early 2023, MEKO started a trainee/talent programme with 13 participants, including five new trainees and eight internal talents from several of the Group's business areas.

The programme lasts for 15 months and covers, among other things, practical training, skills development and strategic project work.

Work for a good, safe work environment

MEKO's work environment efforts aim to create a physically and psychosocially sound and developing workplace for all employees, where risks of occupational injuries and work-related illness are prevented. We conduct focused, systematic efforts to improve our work environment, which among other things means that we continuously evaluate risks, have developed procedures to manage the risks and ensure that incidents and accidents are reported.

In our warehouses, shops and workshops, there are risks relating to the physical work environment. The greatest work environment risks in the warehouses are heavy lifting, loading and unloading, and driving forklift trucks. In shops, we have risks in heavy lifting and risks linked to road safety, since many shop employees drive a delivery van. In the workshops, risks mainly consist of heavy lifting and risks linked to the handling of chemicals and noise.

Risks in the psychosocial work environment, such as stress and abusive discrimination such as bullying, psychological violence, social exclusion and sexual harassment. Issues concerning abusive discrimination are also included in the employee survey, which enables follow-up and taking action. No employee shall be subjected to this and we have procedures for how we work with these issues. Zero cases of discrimination were reported during the year. Data regarding sickness absence and occupational injuries, refer to page 113.

Diversity, gender equality and inclusion

For us, diversity is about the recognising the value of differences among our employees when it comes to gender, ethnic background, faith, disability, sexual orientation, age, education and experience. We strive for our workplaces to reflect the diversity of our customers and society in general. However, in what is traditionally a male industry, creating an even gender distribution in all parts of the company is a challenge. The percentage of women in the Group was 19 (18) per cent at 31 December 2022. At the same time, the number of women in management positions was 13 (14) per cent. In 2022, MEKO was again included on Allbright's "green list" of the listed companies that have an even gender distribution in their Group Management Team.

To more clearly steer towards further gender equality, we have clarified the targets. This includes striving to ensure that the percentage of women in the Group is at least 20 per cent and that gender distribution among managers corresponds to the distribution in the Group by 2030. For data regarding employees, including work environment and gender equality, refer to sustainability notes, on pages 111–116.



Aid to Ukraine

After Russia's invasion of Ukraine, MEKO checked that it did not have any Russian suppliers, and stopped direct purchases of articles identified as being of Russian origin. We comply with the restrictions set up by the EU and require our suppliers to do the same through MEKO's Supplier Code of Conduct and supplier agreements. All of the Group's business areas quickly initiated support activities. This includes the Group donating power banks and generators, where MEKO's Polish subsidiary Inter-Team ensured logistics, making sure that aid shipments reached their destination. Employees at Inter-Team also conducted collections of medicine, food, clothes and blankets that were then donated. Employees in Poland received one extra day off for volunteering to help people from Ukraine. Workshops in the concept O.K. Serwis has been encouraged to service Ukrainian refugees' cars for free.

We take responsibility for our environmental impact



Our largest direct environmental impact is in the areas of transports, energy use in premises and chemicals and waste management. Our core business involves the sale of spare parts and accessories to vehicle workshops and car owners. This means that we also have an indirect impact on raw materials and manufacturing processes for the products we sell.

Continuous environmental work

The Group has an environmental policy that clarifies the expectations and responsibilities that MEKO and its employees have in the area. The policy is part of the company's Code of Conduct that is published on MEKO's website.

The Group's operations work systematically on environmental issues and have rules and procedures to manage their environmental impact. The environmental work is regularly measured and followed up in several areas. The business areas have qualitative and quantitative goals based on the conditions prevailing in each market.

In the workshops, hazardous waste arises in the form of e.g. oils, batteries and chemicals. The waste is sorted and handled according to applicable legislation.

We also set requirements on suppliers through our Supplier Code of Conduct and the supplier evaluation process based on it. More information about our supplier assessment is available on page 27.

Compliance with environmental legislation

MEKO complies with current national and European environmental legislation, which also means that we apply the precautionary approach about taking necessary steps to reduce our negative impact on the environment.

The Group does not conduct any operations that require permits. The permits required for handling certain amounts and types of chemicals and flammable products are handled

by the respective business area. Notifiable operations in the form of car washes were run in the Group at the beginning of 2022, but after the operations were sold, one car wash remains under the Group's directing.

Monitoring of legislative changes takes place as a part of conducting responsible leadership in the implementation of new and updated legislation in the operations. We encourage reporting of risk situations and deviations and work proactively with risk management.

Internal and external audits are conducted in our operations to ensure compliance with laws and to minimise or eliminate negative environmental impact. The Group received no fines and was not subject to any significant injunctions during 2022.

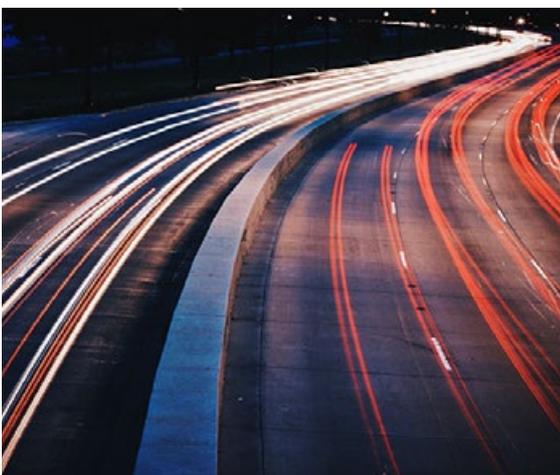
Chemical products and chemicals in goods

The Group has a broad range of chemical products sold in our markets. Our products, such as spare parts and certain accessories, also occasionally contain chemicals that are regulated according to legislation.

Substitution is an important tool to reduce the share of harmful chemicals in society and several business areas conduct systematic work on substitution.

For the chemical products we sell, we have a responsibility to check labelling and ensure that information is correct, ensure that safety data sheets exist, ensure that certain kinds of chemicals are only sold to professionals and that storage is correct. If incorrectly labelled products should come onto the market, we act as soon as we become aware of it. The products are then stopped centrally for further sale, a dialogue is conducted with suppliers, and a recall is issued when necessary.

Proper handling and the right protective equipment in the use of chemicals are of central importance to our workshops.



Certified management systems

MECA Sweden and MECA Norway have certified management systems in accordance with the environmental standard ISO 14001. Mekonomen Sweden's shops and most workshops have certified management systems according to the standards for the environment (ISO 14001), quality (ISO 9001) and the 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.



We seek to reduce our climate impact



As a major actor in mobility, MEKO has an important role to play in the transition to a climate-neutral society. MEKO’s direct impact on the climate mainly takes place through transports to branches and workshops and emissions from travel with company cars. Indirect emissions mainly take place through the purchase of products and services, energy consumption and transport of goods.

Reporting of direct and indirect emissions

Since 2019, MEKO has been reporting its emissions of greenhouse gases in scopes 1 and 2 and parts of scope 3. In 2022, work was carried out to further expand the reporting of scope 3 by including emissions from the products that MEKO purchases and then sells through its wholesale operations. As the availability of data for this kind of products is deficient, spend-based emission factors have been used. In the next few years, the work of improving the data quality will continue. A summary of MEKO’s emissions of greenhouse gases is found in the sustainability notes on page 115.

Commitment to set science-based climate targets

To ensure that our efforts to reduce climate impact are sufficient and in line with what is needed to achieve the Paris agreement, MEKO committed in January 2023 to setting climate targets evaluated according to the Science Based Targets initiative (SBTi). This commitment means that MEKO has 24 months to have the proposed targets approved by SBTi and the work to develop targets will begin in 2023.

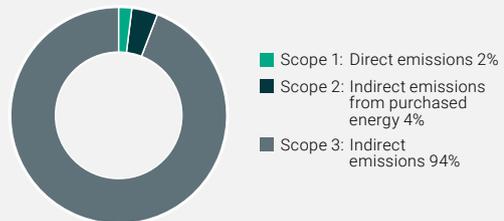
Climate targets lead to progress

Heading into 2023, the Group introduced a target of converting all delivery vehicles and company cars to more sustainable alternatives such as electricity/hybrid/biofuel by 2030. In 2022, 1 per cent of the Group’s delivery trucks and 21 per cent of the Group’s company cars were powered by electricity/hybrid/biofuel.

Our warehouses, branches, workshops and offices require energy in the form of heating and electricity. The heating of premises is done with electricity, district heating or own heating in the form of boilers where fossil or renewable fuels are used. In terms of electricity in premises, MEKO and its business areas have either their own electricity contracts or electricity is included in the rent for the premises. Before 2021, a target to increase the share of specified renewable electricity in premises with their own electricity agreements to 100 per cent by 2025 was set. The outcome for 2022 was 16 (5) per cent. The change compared to 2021 is mainly due to new electricity agreements in Sweden, specifying renewable electricity to parts of the organisation.

One example of initiatives to increase the share of renewable electricity is in Poland where, in 2022, solar panels were installed at the company’s regional head office and a regional warehouse. This work will continue in 2023 when solar panels are to be installed on another Polish regional warehouse.

Distribution of greenhouse gas emissions



We have a business ethical approach



For MEKO, it is important to have a business ethical approach in everything that we do. We are therefore working systematically and preventively to increase knowledge in these matters.

Code of Conduct

The Group's Code of Conduct is approved by the Board of Directors and covers everyone who works under any of the Group's brands. It clarifies what is expected of the company and our employees and how we will act in terms of social, environmental and financial responsibility. The Code is also a basis for evaluating possible risks in a partner business, such as in community involvement or sponsorship.

To make it easier for employees and stakeholders, a number of policies are also included in the Code of Conduct. The respective business area manager is responsible for ensuring that all employees attend training in the Code of Conduct. To ensure procedures regarding training in the Code of Conduct, there is a goal for 2023 that all new employees should receive training during the year.

Zero tolerance of corruption

Although the risk is considered higher in certain markets and certain industries, corruption is not geographically limited. We have zero tolerance to corruption.

The Group's view of corruption is presented in the Group Code of Conduct which includes the anti-corruption policy. In addition to the anti-corruption policy, there are special guidelines regarding anti-corruption with rules on gifts and representation. The guidelines apply to all employees and are based on parts of the Swedish Code of Business Conduct that is administered by the Swedish Anti-Corruption Institute (IMM).

Today, we make purchases from some markets where corruption may be a problem. Through a central purchasing organisation that secures all major purchasing agreements for our Group companies, we have better control over suppliers and the flow of products. Our suppliers are asked to accept our Supplier Code of Conduct, which includes specific texts on anti-corruption. Read more about our work on the supply chain and Supplier Code of Conduct on page 27. In 2022, there were no reported cases of corruption in MEKO.

Whistle-blower system

The Group's whistle-blower system gives all stakeholders the opportunity to inform the company about a suspicion of a serious impropriety. The system is important to safeguard good corporate governance, as well as the customers', the suppliers' and the public's confidence in us. The system, which is reached through the Group's website, is available around the clock and in all the languages where the Group has operations and employees. In 2022, the system was adapted to

meet the requirements of the EU Whistleblower Directive and national legislation. The Group's Code of Conduct training contains information about the whistle-blower system.

The system can be used in cases where the circumstances mean that it is not appropriate to report according to the usual reporting channels, such as to the immediate manager. The process can be used to submit information about a serious violation that is not in line with the legislation, the Code of Conduct or other ethical principles and that can seriously impact on our organisation or human life or health.

In 2022, a total of four cases were submitted to the whistle-blower system, of which the majority were personnel-related. All cases were handled and reported to the Audit Committee and the Board of MEKO.

Information processing and data protection

We process information in many different ways in the Group and take information security very seriously. This processing is generally governed by our information security policy, which is included in the Group Code of Conduct. Each business area also has its own guidelines for clarifying how, for example, IT systems and personal data shall be handled. Potential incidents are handled according to defined procedures and reported to the relevant authorities when necessary according to the respective country's legislation.

In 2022, the Group continued its focus on the area of information security. The previously implemented nano learning process, recurring short exercises with the aim of maintaining knowledge about information security, continued in 2022. During the year, it was supplemented with e-mail fishing tests of the organisation, where incorrect clicks led to requirements for in-depth training for employees. In addition to this, 95 per cent of the Group's employees attended training in personal data processing (GDPR) in 2022.

Code of Conduct

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

The Group's whistle-blower system

The system is available on the company's website www.meko.com and is accessible to employees and external stakeholders, such as suppliers, customers and partners. The whistle-blower procedure can be used anonymously and is available in several languages.

Work for a responsible value chain

Spare parts constitute the majority of the Group's purchasing and account for a large part of the Group's sales. Purchases mainly take place from the same suppliers who supply car manufacturers. Nearly all suppliers have their base in Europe, while the production of products takes place in both Europe and the rest of the world.

Large Group-wide suppliers are handled by the Group's central purchasing organisation, which is responsible for agreements and terms. Agreements with smaller suppliers are handled by the purchasing function of the respective business area.

Risks in the supply chain

Suppliers of spare parts and accessories for the Group's own product range pose the greatest quality and sustainability risks. The 100 largest suppliers account for more than 80 per cent of the products supplied. MEKO's 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, as well as corruption, since a large part of our suppliers' production is conducted in at-risk and high-risk countries.

As a consequence of the greater risk, factory visits are carried out to all new actors who supply spare parts and accessories for our own product ranges. The checks on factories and tests of products are based on checklists that cover scrutiny of product quality, the environment and social requirements. The product range is quality audited through independent actors and in our test laboratory InterMeko in Poland. The test laboratory is jointly owned with the Polish car part company Inter-Cars.

Supplier Code of Conduct

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

In 2022, the work of implementing the Supplier Code of Conduct continued. The code is part of MEKO's General Supply Contract, in which the supplier is obliged to accept and comply with the Supplier Code of Conduct. The target is for more than 95 per cent of our purchases of direct materials to come from suppliers that have accepted the requirements in the Supplier Code by 2025. The outcome for 2022 was 91 (97) per cent, which means that the target was not achieved. The reason is that the Group has several new suppliers through the acquisition of Koivunen in 2022. Excluding Koivunen from the follow-up, the result was 97 per cent.



Developed process to manage risks in the supply chain

The supplier assessment process was further developed in 2022 where the first step of the process consists of an annual risk classification. For example, a supplier is considered to have a high risk if the supplier has not accepted to comply with MEKO's Supplier Code of Conduct.

Any high-risk suppliers are taken further in the process to step 2; an initial self-assessment with questions regarding, among other things, violations of laws regarding child labour, forced labour, environmental crime and whether the supplier has signed the UN Global Compact.

If necessary, further escalation in the process can take place. In cases where suppliers are deemed to have a medium high risk, an assessment is made of how easy or difficult the deficiencies are to address. Easier deficiencies mean that the supplier corrects the deficiencies and undergoes step 2 again after two years. In the event of deficiencies that are more difficult to address, an audit takes place, which also takes place for suppliers with a high risk. The audit takes place in accordance with MEKO's Supplier Code of Conduct. Depending on the outcome of the audit, an action plan can be prepared, which is then regularly followed up to ensure that any deficiencies are resolved.

During the year, three audits were conducted and 10 audits are planned for 2023. In the audits, certain deficiencies were discovered and work is under way to address them.

Risks and Compliance management

Like all business activities, the Group's operations are associated with risks that can affect the Group and our stakeholders to varying degrees. Well-balanced risk management can add value and business benefit, at the same time that risks that are not managed can effectively lead to damage and losses. We are continually mapping 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 the business is exposed to, the Group works in a structured manner to identify, analyse 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) was fine tuned. The risk analysis is based on the Group's strategy and business planning work, it's a part of the strategy work and operating activities and is also incorporated into major change or investment projects. Each business area in the Group must establish a risk register where its material risks, mitigation measures and the person responsible are identified. This management includes the Group's sustainability-related risks, such as risks linked to employees, the environment and climate, as well as corruption. The Group's materiality analysis and Code of Conduct form the basis for the analysis.

Risk Compliance Committee

There is an overall Risk Management Committee for the Group. The Committee is responsible for providing guidance to the organisation and for governing the process of ensuring an overview of the Group's risks, as well as following up the effectiveness of the risk management work. Risk analyses and mitigation measures are continually reported by the respective business areas to the Committee, which in turn reports material changes in the risk situation to the Board of Directors through the Audit Committee. The risk analysis is reviewed more thoroughly in all forums on an annual basis (see figure below).

Risk function's responsibility and collaboration

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

The effectiveness of the activities conducted are thereby improved in order to increase risk awareness in identified risk areas. For more information on the work on internal control in financial reporting, refer to page 55.

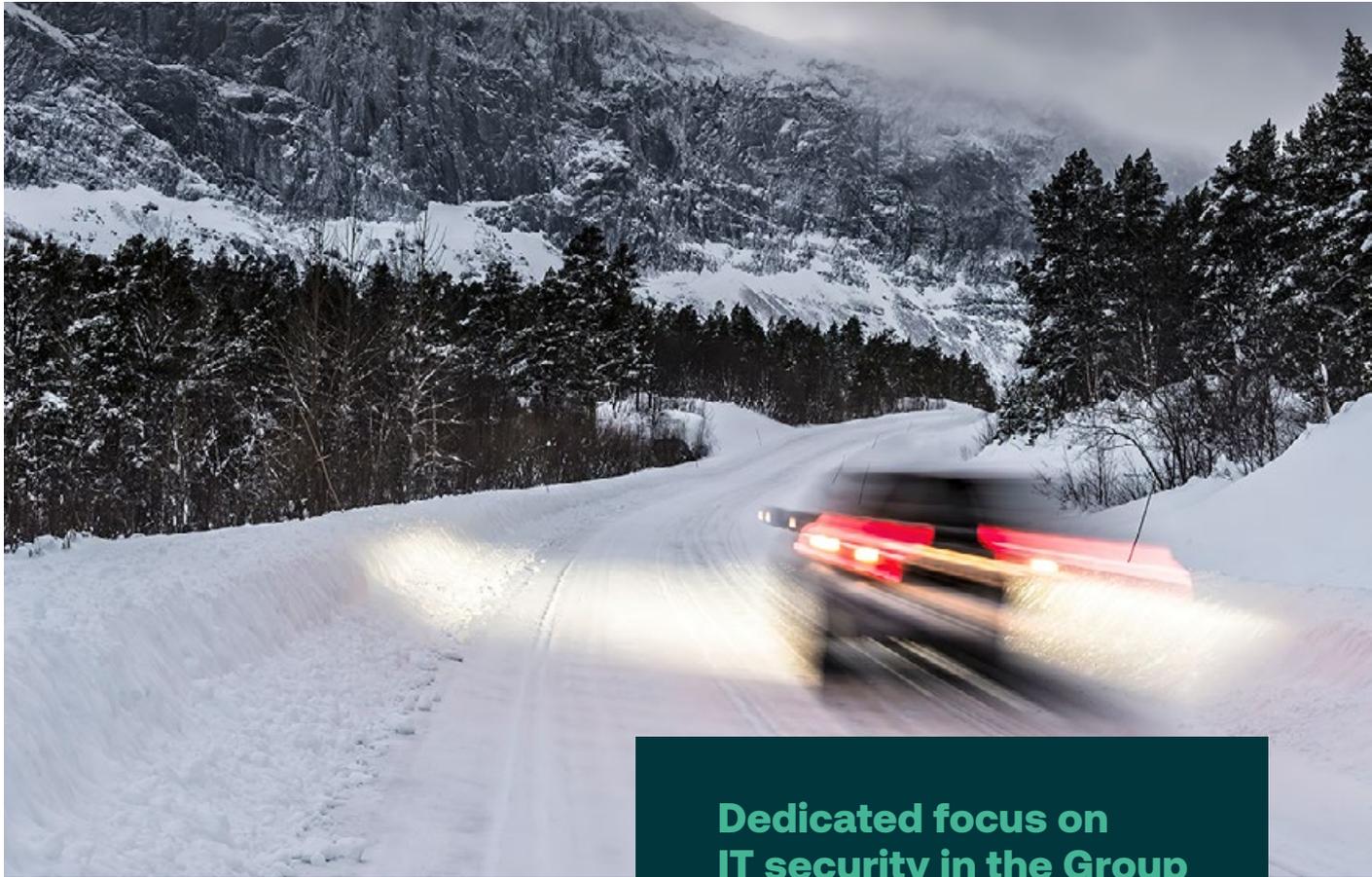
Risk analysis

The overall risk profile for the Group has not substantially changed during the year. The material risks are the same, but the rankings were slightly reallocated during the year. Effects of the COVID-19 pandemic, including disruptions to the product supply, have been and are a special focus area, so is a stable and secure IT environment, adapted to support internal and external needs.

The Group's overall risk profile includes the sustainability-related risks. In 2022, the analysis was supplemented with a scenario analysis regarding climate-related financial risks based on the Task Force on Climate-related Financial Disclosures (TCFD) methodology. The scenario analysis has mainly focused on our business and both risks and opportunities were analysed. Read more about the materiality analysis and scenario analysis on page 110.

A selection of the risk areas identified within the scope of the Group's risk-management process and the steps taken to manage the risks are presented on the following pages.





Dedicated focus on IT security in the Group

Crisis management

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

There are escalation levels for notification or more real crisis situations. The teams were activated in connection with the data breach (2020), the pandemic (2020) and the Ukraine crisis (2022).

Continuity plans

During the year, an extensive review of the Group's continuity work took place, with updates of continuity plans regarding the material effect of a fire in central warehouses, product flow disruption, data breaches and product recalls. The work includes new continuity policies and will be finished in the second half of 2023.

The cyber attack that occurred in the spring of 2020 and its major impact on the entire business in the Sweden/Norway business area was the starting point for an extensive effort throughout the Group to increase the level of security. The Risk Committee identified four key areas:

- 24/7 monitoring of the Group's IT environment.
- Recurring cyber training for all employees.
- Minimum requirements on the level of cyber security.
- Strengthening the expertise in the organisation.

MEKO's IT environment is now monitored around the clock by an external party and all employees in the Group with computers are given continuous training in IT security. In addition, a basic security level was introduced with 66 controls in 18 main areas that are governed by the Chief Information Security Officer (CISO) at the Group level with local responsible Information Security Officers (ISOs) as support.

Newly acquired Koivunen has begun to be integrated into the Group's cyber security requirements.

Strategic risks

Description	Operation	Analysis
Consumer behaviour		
<p>The aftermarket for cars and light trucks is primarily dependent on the number of cars in the fleet and the mileage on the cars. In recent years, there has been a steady increase in the number of cars in our main markets. The number of kilometres driven decreased somewhat during the pandemic, but has returned to expected levels. The Group's long-term success also depends on the ability to adapt to the customers' behaviours and expectations regarding availability, convenience and sustainability, which affects their choice of vehicles, means of transport and choice of supplier.</p> <ul style="list-style-type: none"> A sharp decrease in the number of new cars or mileage can negatively affect the Group's operations. A too slow adaptation to new customer behaviours can negatively impact the Group's operations. 	<p>We maintain a high rate of innovation in concept development in order to strengthen our workshop concepts, contributing to an offering that remains competitive as well as loyal workshop customers. By digitising and developing new and sustainable services for car owners and workshops, we are strengthening our offering throughout the value chain.</p> <p>The demand for mobility is timeless. By adapting our business according to the needs of the customer, we are creating a long-term business regardless of which vehicles are being driven on the roads. We are investing in advanced analytics in order to predict and understand future trends and, on the basis of data, create our future offering. Our geographical spread means that we are less sensitive to market developments in an individual country.</p> <p>We conduct strategic activities within each strategic focus area in cross-functional forums extending across national borders, in order to vigorously manage market and external risks. We are developing our service and product offering for fleet customers and car pools, for example, as well as developing digital and sustainable solutions aimed at improving the customer experience and thereby increasing loyalty.</p>	<p>Probability</p> <p>● ● ●</p> <p>Impact</p> <p>● ● ●</p> <p>Change</p> <p>➔</p>
Car fleet		
<p>New technologies, increased focus on sustainability and policy decisions are accelerating the transition from fossil fuels to electrification. The same driving forces are contributing to the increased sustainability of vehicles, with fewer parts that need to be replaced. We are continuously expanding our product range with spare parts and accessories for electric cars and the automotive aftermarket. Growth is expected to take place in software and data. Norway is experiencing the world's fastest development in terms of the transition of the car fleet from fossil-fuelled to electricity. The share of pure electric cars in Norway amounted to 22 per cent of the total car fleet at the end of 2022. The corresponding figure for Sweden was 5 per cent, Denmark 4 per cent, Finland 2 per cent and Poland and the Baltic region less than 0.1 per cent.</p> <ul style="list-style-type: none"> The transition to electric means that the industry needs to adapt to meet changing demand. Political decisions regarding climate measures and incentives have a significant impact on the pace of transition. 	<p>We invest in the future of our workshop customers, and for many years have been providing training in electrical and hybrid technology for automotive technicians at our training centres in all our main markets. Increasing the proportion of trained automotive technicians continues to be an important focus. We are continually expanding our range of spare parts and accessories for electric cars and ensuring that our workshops have access to adequate equipment. We are developing our service offering and the product range for our growing number of electric car drivers, in order to remain their first choice.</p> <p>We certify concept workshops according to our own standard E+. The standard is adapted to the guidelines and regulations that exist in the respective market and ensures the right expertise, equipment and charging possibilities in the workshops. There are three levels of E+ where the first level ensures basic expertise in electric mechanics, which means that the workshop can handle the majority of the components on an electric car that enters the workshop today. Levels 2 and 3 ensure that our workshops can handle all of the operations involving work in and around the battery, which becomes important in the longer term as the electric cars get older. Today, we have more than 2,000 E+ certified workshops and more than 6,000 automotive technicians have completed Level 1 of the electric car training.</p>	<p>Probability</p> <p>● ● ●</p> <p>Impact</p> <p>● ● ●</p> <p>Change</p> <p>↗</p>
Competitive landscape		
<p>The level of competition regarding sales of car parts to workshops is high, and has historically consisted of branded actors and independent actors such as MEKO. We are seeing increased activity from foreign e-commerce operators, who are primarily competing with a lower pricing structure. Car manufacturers are trying to extend car owner loyalty for longer with the aid of service agreements and extended warranties. Suppliers that have previously only conducted B2B sales are expanding into B2C. Consolidation is also taking place among suppliers, which is reducing supply.</p> <ul style="list-style-type: none"> Significantly increased competition from one or more actors may result in reduced market shares for the Group. 	<p>The Group's operations have a strong customer focus, where we are continually revising and investing in a competitive customer offering to both workshop customers and car owners. Services that ensure loyalty among our workshops, such as our technical support, are important in order to increase our competitiveness. Flexible solutions and processes for making bookings and placing orders are also essential. The majority of the Group's sales take place digitally, which is why investments in our e-commerce offering are of major importance. We have a strong local presence and can thereby offer an outstanding level of availability, with deliveries to our customers several times a day. Availability is important, as the majority of orders from workshops meet their day-to-day needs.</p>	<p>Probability</p> <p>● ● ●</p> <p>Impact</p> <p>● ● ●</p> <p>Change</p> <p>➔</p>
Technical automotive expertise		
<p>There is a shortage of vehicle technicians across much of the European market. The low attractiveness of service professions is one of the reasons why few people are applying for vocational training. Many traditional vehicle technician training courses do not meet the needs of modern workshops, which are setting ever higher demands on technical expertise.</p> <ul style="list-style-type: none"> In the long term, the shortage of vehicle technicians with relevant training and experience may be a factor limiting opportunities for continued growth in the sector. The competition for labour may lead to increased staff costs, thereby reducing the profitability of workshops. 	<p>With strong brands and concepts, our training centres, collaboration with upper-secondary schools and other training providers in our markets, as well as our own upper-secondary school programme ProMeister Vehicles in Sweden, we are constantly working to attract people to the vehicle technician profession. In this way, we are helping to raise the level of expertise among new and existing vehicle technicians. We also offer our affiliated workshops recruitment services and work actively with PR and information campaigns to attract people to the sector.</p>	<p>Probability</p> <p>● ● ●</p> <p>Impact</p> <p>● ● ●</p> <p>Change</p> <p>➔</p>

● Low ● Medium ● High ↗ Increased risk ➔ Unchanged risk ↘ Reduced risk

Description	Operation	Analysis
Extraordinary external factors		
<p>Russia's invasion of Ukraine has increased uncertainty for the global economy, such as disruptions in supply and logistics chains and greater volatility in the energy market, together with a higher rate of inflation and rising interest rates. As a consequence of this and uncertainty regarding the continued spread of COVID-19, there is a risk of further disruption in the supply chain and higher distribution costs. The primary risks to the business are:</p> <ul style="list-style-type: none"> • The spread of disease among employees and customers in our physical facilities and fewer or unmade workshop visits as a result of government-led lockdowns. • Significant impact on our product flow due to reduced capacity among our suppliers or transporters, which increases the risk of shortages of raw materials or higher raw material prices, which in turn affects availability and purchase prices. • Continued high inflation, high interest rates, currency fluctuations and energy prices affect the purchasing power of the end-consumer as well as our costs for borrowing and heating. 	<p>The timeless need for mobility and the resulting stable demand for our products and services have meant that COVID-19 has generally had a limited impact on our main markets. Our foremost priority is to maintain the health and safety of our employees and customers.</p> <p>The global anxiety resulting from the war in Ukraine has led to higher oil prices with higher petrol and diesel prices as a result. We continuously monitor how higher 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 began a survey of our supplier level. The Group has no Russian main suppliers. A few products that were manufactured in Russia were identified in our product range and have been removed for purchase.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>

Operational and sustainability risks

Description	Operation	Analysis
Employees		
<p>Our employees are our most important asset. A good physical and psychosocial working environment, good social conditions, development opportunities and a business that is sustainable in the long term are essential for attracting and retaining employees.</p> <ul style="list-style-type: none"> • An inability to attract, retain and develop committed managers and employees would affect the Group's ability to run and develop the business. • Deficient work environment conditions entail a risk of increased sick leave and employees applying to other employers. 	<p>With different skills and experiences among our employees, we aim to reflect the diversity of our customer groups and thereby develop our customer offering. Succession plans are prepared annually for senior positions and large parts of the organisation. There is also an analysis of employee turnover. The work of identifying, analysing and minimising work environment risks in our operations is carried out at every level of the Group. Our Code of Conduct, whistle-blower system and work environment policy, together with employee talks, employee surveys and ongoing dialogue as well as risk analyses identify risk areas and any irregularities.</p> <p>During the year, we followed up the results of the employee survey in 2021, where improvement measures and actions contributed to improvements in virtually every area in the 2022 employee survey.</p> <p>We have also worked on the preparation of a trainee/talent programme that began at the beginning of 2023. The programme includes 13 individuals in special areas such as sustainability, controlling, business development and IT.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>

IT environment		
<p>The use of digital services is continuing to grow at a rapid pace in every part of society. As more and more interactions, flows and processes are digitalised and automated, there is increasing dependence on systems, which in turn increases the complexity of IT environments.</p> <ul style="list-style-type: none"> • Disruptions or operational stoppages in the IT environment have a negative impact on the business. Catalogue systems and ordering and inventory management systems are particularly critical, as disruptions here would adversely affect deliveries to our customers and consequently our sales. 	<p>Threats and risks are regularly analysed to identify and ensure that we are continually working with improvements, and that we have redundancy in critical systems as well as established communication paths.</p> <p>Continuous efforts are made to strengthen and develop the IT environment's resilience to disruptions and outages. Reviews of frameworks, processes, roles and technical solutions are ensuring robustness over time in our environments.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>

Data security		
<p>Like many other companies, we are subjected to Cybercrime, such as attempted fraud, trespassing or sabotage.</p> <ul style="list-style-type: none"> • Cybercrime causes major financial damage and has a negative impact on trust in the Group. 	<p>To combat attempts at trespassing, theft or sabotage to our IT environments, external monitoring is performed within this area, as well as a continuous assessment of whether our protection needs to be changed or expanded. We are continually developing our procedures, processes and technical solutions in this area in order to be prepared in the event we are attacked.</p> <p>A major Group initiative has been under way since 2020 that includes the strengthening of monitoring, controls, training and resources for all business areas.</p> <p>Newly acquired Koivunen in Finland and the Baltic region began the corresponding security work carried out by other units in the Group.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>

● Low ● Medium ● High ↗ Increased risk → Unchanged risk ↘ Reduced risk

Description	Operation	Analysis
Central warehouse and regional warehouses		
<p>MEKO's efficient wholesale and logistics business is a strength and a significant part of our core business.</p> <p>Any damage, such as fire or technical disruptions, at any of the Group's central or regional warehouses would entail significant negative consequences for the company's sales and capacity to deliver to our customers.</p>	<p>Fire safety and protection against technical disruptions are a prioritised area at all of our facilities, and considerable emphasis is focused on prevention efforts. The Group has consequential-loss insurance in the event a fire were to occur or other damage were to arise that disrupts the operations at our facilities. Risks related to a changing climate, such as damage to property caused by changing weather conditions, are not currently considered to be affecting the Group directly to any great extent, although this risk is being monitored. All insurance figures are updated annually in connection with the renewal of the property and loss-of-profit insurance for the Group.</p> <p>In autumn 2021 and spring 2022, insurers visited the Group's three largest central warehouses to conduct a risk review. The Group also conducted risk reviews of the other two large central warehouses, including newly acquired Koivunen.</p> <p>The review of continuity plans in all business areas for fire took place in 2022 in connection with a general review of the entire governance of the Group's continuity work.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>
Waste and cash handling		
<p>The Group's operations include sales and stockholding of a large number of products, many of which are considered theft-prone. The Group's operations also include handling cash, which entails a risk of theft, both in branches and during the transportation of cash from the store to the bank.</p> <p>Deficient processes for detecting theft and waste would have an adverse impact on the Group's earnings.</p>	<p>Within the Group, continuous work is done to combat waste and to define what constitutes scrapping, internal consumption and actual theft. This work is based on the attitude that it is important to focus on all types of losses, for example by reviewing ordering procedures, delivery checks and the unpacking of goods. Handling of cash in the Nordic region has decreased in recent years and the means of payment have increasingly shifted to credit cards. Some units are even cash-free. In Poland and the Baltics, it is still customary to pay with cash.</p> <p>We continued our work on clearer guidelines for responsibility and control through, among other things, the introduction of a common framework for internal control for branches and warehouses in Sweden that was gradually rolled out throughout the Group during 2021-2022.</p> <p>Especially towards the end of the year, we experienced more fraud incidents, which resulted in an extra focus by Internal Audit on the area and strengthening processes and supplementing with new internal controls for implementation in 2023.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>
Responsibility for products & services		
<p>Under the Group's brands, a large number of products and services are offered in-house or through collaboration. MEKO has a product responsibility for products that do not work as expected or are defective, as well as for quality assurance of services such as repair and service.</p> <ul style="list-style-type: none"> Insufficient quality control by our own and collaborating businesses, such as affiliated workshops and suppliers, may result in liability to pay compensation for defective products, faulty repairs and consequential damage. Dissatisfied customers can result in reduced market share and a lack of confidence in our offerings. 	<p>We secure our product liability through purchasing agreements, requirements on our suppliers and careful quality controls of our own brands. We also have extensive training activities and requirements set on our affiliated workshops regarding technical training, skills and equipment. This is supplemented with Group-wide insurance protection. We monitor 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.</p> <p>We are constantly developing the Group's own workshop business system in order to help the workshops comply with rules and regulations, work efficiently and maintain a high level of service to customers. A training and support portal was developed that will be launched in all business areas in 2023.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>
Environmental and climate impact		
<p>Our negative impact on the environment and the climate mainly occurs through energy consumption in premises, transport operations, 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, for example, raw materials, manufacturing processes, transports, use and, ultimately, waste management.</p> <ul style="list-style-type: none"> Environmental and climate policy decisions and legislation affect our operations. For example, stricter legislation regarding chemical products and waste management, as well as increased taxes and other means of incentive, including climate-related incentives, may lead to investment requirements and/or lower profitability for the business. Any violations of regulations would have a legal impact and damage trust in our offering and our brands. 	<p>The Group's operations work systematically with the environment, with parts of the business having certified environmental management systems. We adapt our development on the basis of laws and regulations, and keep ourselves up-to-date regarding political decisions regarding the environment and climate, in order to prepare our business as much as possible for any changes. We have procedures and processes in place to ensure compliance with laws and regulations.</p> <p>We follow up the business areas' systematic environmental efforts and have set targets to reduce negative environmental and climate impact. We have also begun work to gain further knowledge about the climate impact of the products we provide.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>

● Low ● Medium ● High ↗ Increased risk → Unchanged risk ↘ Reduced risk

Description	Operation	Analysis
Sustainable supply chain		
<p>We have agreements with a large number of suppliers to ensure the availability of a wide range of spare parts and car accessories for our customers.</p> <ul style="list-style-type: none"> • Having a large number of suppliers entails risks in relation to human rights, working conditions, the environment and corruption, for example. 	<p>To facilitate control of the supplier level and the supply chain, all major purchasing agreements are governed by the Group's joint purchasing department. Spare parts are mainly purchased from the major European suppliers that also supply the car manufacturers.</p> <p>We perform meticulous quality checks of our own-brand products, and conduct site visits to our suppliers. We place demands on suppliers through our Supplier Code of Conduct in relation to human rights, working conditions, the environment and anti-corruption.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>
Business-related corruption		
<p>Generally speaking, purchasers and sellers are two employee groups that run a greater risk of being involved in corruption. Today, we make purchases from some markets where corruption can be a problem, which requires that we actively distance ourselves from such activities and interests (also see above under sustainable supply chain).</p> <ul style="list-style-type: none"> • Individual employees or teams of employees are at risk of being unduly influenced by suppliers or other business partners, including through bribes of various kinds. 	<p>There is zero tolerance of corruption within the Group. The Group's anti-corruption policy is included in the Code of Conduct. In addition to this, there are special guidelines regarding anti-corruption with rules on gifts and entertainment, which all employees have access to.</p> <p>In 2021, all of the employees attended training in the Group's Code of Conduct. The training will continue to be a part of all new employees' introduction plans.</p>	<p>Probability </p> <p>Impact </p> <p>Change </p>

Financial risks

Description	Description
<p>MEKO's financial risks mainly comprise currency, credit, interest-rate and liquidity risks. See Note 36 for a description of the financial risks.</p>	<p>In the Corporate Governance Report on page 51, there is a description of the internal control and risk assessment that aim to prevent misstatements in the financial statements.</p>

The share

MEKO's share is listed on Nasdaq Stockholm, in the Mid Cap segment, and is traded under the MEKO ticker. At 31 December 2022, the total market value of the company was SEK 6.4 billion (8.9). The share's highest price in 2022 was quoted at SEK 161.60 on 3 January. The lowest price was quoted on 28 September at SEK 83.90. The share price on 31 December 2022 was SEK 112.60 (157:10), which corresponds to a decrease of 28.3 per cent compared with the corresponding date in the previous year. The OMX Stockholm Mid Cap PI index fell by 29.8 per cent during the corresponding period.

As per 31 December 2022, MEKO's share capital amounted to SEK 141 M (141) and comprised 56,416,622 shares (56,416,622) at a quotient value of SEK 2.50 per share (2.50). The number of shareholders on 31 December 2022 was 12,009 (11,676). Each share carries one vote at the Annual General Meeting and all shares carry equal entitlement to a share in the company's earnings and assets. Each shareholder is entitled to vote for all their shares with no restrictions and the shares are not included in any transfer restrictions.

Buyback of own shares

The company's holding of treasury shares amounted to 79,243 as per 31 December 2022. No shares were acquired in 2022. Treasury shares do not entitle the holder to dividends or votes. For more information, see page 45.

Dividends

The Board of Directors proposes a dividend of SEK 3.30 per share (3.00) for 2022, corresponding to a total dividend of SEK 186 M (169). MEKO did well in navigating the challenges during 2022 and is well positioned for future growth and the green transition. In its recommendation, the Board took into account the company's potential acquisition possibilities, financial position, investment needs and future prospects.

Analyst coverage

MEKO is currently being monitored and analysed by three analysts based independent of the company, who also provide recommendations on the share.

Communication to the capital market

MEKO's communication to the capital market aims to provide the market reliable, accurate and current information regarding the company's position, operations and development. The information is intended to increase knowledge about and interest in the company.

In addition to quarterly reporting and phone conferences, MEKO participated in several digital and physical investor meetings with investors in Sweden, the rest of Europe and the United States in 2022. Some of the topics of particular interest to investors and analysts in 2022 were the effects of COVID-19, the company's positioning in the green transition and opportunities for continued profitable and sustainable growth.

More information on the share

The following information and more is on www.meko.com

- Analysts
- Dividends
- Insider trading
- Owners
- Share history
- Share trend
- Total return
- Volume distribution

Analysts who continually follow MEKO

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

Analysts who continuously monitor MEKO are listed here. Please note that the above analysts' forecasts, recommendations or other opinions do not represent MEKO or its company management.

Share history

Year	Transaction	Nominal value, SEK	Shares, total	Share capital, total, SEK
1990	Formation of company	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 of convertible bonds	10.00	7,286,626	72,866,260.00
2002	Redemption of convertible bonds	10.00	7,385,226	73,852,260.00
2003	Redemption of convertible bonds	10.00	7,397,326	73,973,260.00
2003	Split 2:1	5.00	14,794,652	73,973,260.00
2003	Redemption of convertible bonds	5.00	14,869,150	74,345,750.00
2004	Redemption of convertible bonds	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

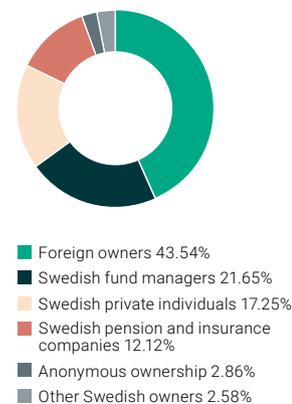
The 15 largest shareholders, 31/12/2022¹⁾

Name	Number of shares	Votes and capital
LKQ Corporation	15,001,046	26.59%
Swedbank Robur Fonder	6,355,431	11.27%
Fjärde AP-fonden	4,904,293	8.69%
Didner & Gerge Fonder	3,839,180	6.81%
Eva Fraim Pålman	1,822,698	3.23%
AFA Försäkring	1,681,313	2.98%
Nordea Fonder	1,524,573	2.70%
Vanguard	1,465,453	2.60%
Dimensional Fund Advisors	1,451,663	2.57%
Ing-Marie Fraim	1,000,000	1.77%
Norges Bank	763,603	1.35%
Nordnet Pensionsförsäkring	725,903	1.29%
BlackRock	704,549	1.25%
Arbona AB (publ)	510,172	0.90%
Avanza Pension	502,746	0.89%
Total 15 largest shareholders	42,252,623	74.89%
Other	14,163,999	25.11%

Holding per size class, 31/12/2022¹⁾

Size class	Number of shares	Equity, %	Votes, %	Number of owners	Share of owners, %
1-100	217,062	0.38	0.38	6,405	53.33
101-200	241,857	0.43	0.43	1,504	12.52
201-300	168,274	0.30	0.30	639	5.32
301-400	243,044	0.43	0.43	675	5.62
401-500	214,820	0.38	0.38	452	3.76
501-1,000	881,021	1.56	1.56	1,157	9.63
1,001-2,000	832,498	1.48	1.48	547	4.55
2,001-5,000	1,178,611	2.09	2.09	368	3.06
5,001-10,000	824,628	1.46	1.46	115	0.96
10,001-20,000	805,544	1.43	1.43	54	0.45
20,001-50,000	1,292,406	2.29	2.29	40	0.33
50,001-100,000	1,124,570	1.99	1.99	15	0.12
100,001-200,000	2,258,722	4.00	4.00	15	0.12
200,001-500,000	2,349,161	4.16	4.16	8	0.07
500,001-1,000,000	4,206,973	7.46	7.46	6	0.05
1,000,001-2,000,000	7,945,700	14.08	14.08	5	0.04
2,000,001-5,000,000	8,743,473	15.50	15.50	2	0.02
5,000,001-	21,356,477	37.85	37.85	2	0.02
Anonymous ownership	1,531,781	2.72	2.72	-	-

Holding per ownership category¹⁾



Data per share²⁾

Amounts in SEK per share unless otherwise stated	2022	2021	2020	2019	2018
Profit	8.12	10.21	7.67	7.34	6.56
Cash flow	18.8	21.9	28.9	20.3	8.3
Equity	104.0	92.4	80.4	76.4	67.9
Dividend ³⁾	3.30	3.00	-	-	-
Share of profit paid, %	41	29	-	-	-
Share price at year-end	112.60	157.10	91.10	93.10	91.50
Share price, highest for the year	161.60	182.80	101.10	96.00	166.20
Share price, lowest for the year	83.90	90.10	35.06	60.80	88.40
Direct yield, %	2.9	1.9	-	-	-
P/E ratio at year-end, multiple	14	15	12	13	14
Average number of shares after dilution effects ⁴⁾	55,891,711	56,049,728	56,323,372	56,338,824	39,718,604
Number of shares at end of period ⁵⁾	56,416,622	56,416,622	56,416,622	56,416,622	56,416,622
Number of shareholders at year-end	12,009	11,676	11,728	12,259	12,310

1) Source: Modular Finance.

2) For information on financial definitions, refer to page 120.

3) The Board's proposal for 2022.

4) No dilution is applicable.

5) The total number of shares amounts to 56,416,622, of which 79,243 are treasury shares and 544,000 are hedged through share swaps at the end of the period.

Administration Report

General

The Board of Directors and CEO of MEKO AB (publ.), corporate identity number 556392-1971, hereby submit the Annual Report and consolidated financial statements for the 2022 financial year.

MEKO is active in Northern Europe with operations in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland and Sweden. MEKO is organised through the five business areas Denmark, Finland, Poland/the Baltics, Sweden/Norway and Sørensen og Balchen (Norway).

The Group buys and distributes car-related products through its own central warehouses, regional warehouses and a broad network of branches and local warehouses. All warehouses and the majority of branches are owned by the Group. A small number of branches are operated through partnerships or franchise cooperation.

Sales are mainly B2B to affiliated workshops and other companies. The Group also has attractive concepts under strong brands to attract car owners to affiliated workshops.

The Group's workshop concept is operated under the brands: AutoMester, AlltiBil, BilXtra, CarPeople, Din Bilpartner, Hella Servicepartner, Inter Data Service, MECA Bllservice, Mekonomen Bilverkstad, MekoPartner, O.K. Serwis and Speedy.

The Parent Company has its registered office in Stockholm. The address of the head office is Box 19542, SE-104 32 Stockholm, Sweden. Street address: Solnavägen 4, 11th floor. The Parent Company's share is listed on Nasdaq Stockholm Mid Cap segment. The three largest owners of the Parent Company as per 31 December 2022 are: LKQ Corporation with 26.6 per cent, Swedbank Robur Fonder with 11.3 per cent, and Fjärde AP-Fonden with 8.7 per cent.

The financial year

The 2022 financial year was characterised by good organic growth and profitability. MEKO's long-term goal is to achieve average annual sales growth of at least 5 per cent and an adjusted EBIT margin of 10 per cent. MEKO's assessment is that the markets where MEKO operates continue to demand the Group's products and services.

After Russia's invasion of Ukraine, MEKO checked that it did not have any Russian suppliers and stopped direct purchases of articles identified as being of Russian origin. All of the Group's Business Areas quickly initiated support activities, where MEKO's Polish subsidiary Inter-Team ensured logistics, making sure that aid shipments reached their destination. The year largely revolved around the acquisition of Koivunen, the leading distributor of car parts and associated services in Finland and Estonia,

with operations in Latvia and Lithuania as well. Through the acquisition, MEKO expanded its operations around the entire Baltic Sea with a strengthened position as the leading player in the automotive aftermarket in Northern Europe.

In 2022, the company, formerly Mekonomen Group, implemented the name change to MEKO with the aim of more clearly reflecting the business's breadth and showing that the Group is more than one important brand. The name change was approved by the shareholders at the company's Annual General Meeting on 20 May 2022. In connection with the name change, a new graphic profile was introduced that reflects MEKO's forward-looking and proactive approach to mobility in general and the automotive industry in particular. As a further initiative to strengthen its position in mobility, the company launched the Mobility Barometer, a unique and comprehensive report that shows what Nordic region residents really think and feel about mobility. The Mobility Barometer is the first report to explore habits and attitudes regarding mobility in the Nordic region. With more than 4,000 respondents from Denmark, Finland, Norway and Sweden, the barometer reveals what habits we have today, but also what we want from the future. The report was presented during Sweden's largest political focus week in Almedalen on the island of Gotland, together with an expert panel consisting of people from MEKO, Circle K and the IVL Swedish Environmental Research Institute AB.

In the first and second quarters, MEKO informed the market of the intention to build two new high-tech automated central warehouses, one in Denmark and one in Norway, with the aim of strengthening the respective business area's competitiveness and leading position in each country. The central warehouses are expected to be complete in 2024 in Odense, Denmark and in 2025 in the Mjøs region of Norway.

In the second quarter, MEKO and LKQ arranged the "Next Generation Vehicle Diagnostics" event with the aim of conducting a dialogue with globally leading diagnostic suppliers on the possibilities in the area of diagnostics for electric vehicles, an area that is developing at a rapid pace. The event was held in MEKO's training facilities in Norway.

In the second quarter, MEKO signed a letter of intent with the Norwegian technology and innovation company Electric Way to become a service partner for the Chinese electric car brand VOYAH. The collaboration with Electric Way and the "Next Generation Vehicle Diagnostics" event contribute to MEKO's efforts to lead the electric car transformation in the Nordic region.

In the third quarter, MEKO and Mobivia Fleet Solutions signed a partnership agreement that intends to provide fleet customers,

companies with multiple company cars, a complete solution in Europe. Like MEKO, Mobivia offers car-related services such as service and repairs through a network of workshop chains and operates in Austria, Belgium, France, Germany, Italy, Luxembourg, Portugal and Spain through the brands: Noruto, ATU, Auto5 and Midas. The cooperation offers MEKO and Mobivia's existing customers and new electric car manufacturers a complete service in the markets where MEKO and Mobivia operate.

During the year, MEKO took major steps in the digitalisation of the value chain and the adaptation to new customer behaviours. The number of digital workshop bookings increased strongly in 2022. In order to further future-proof the digital customer journey, MEKO presented during the fourth quarter a new digital booking system that intends to be launched in MEKO's affiliated workshops from 2023. The booking system was developed based on making it easier for the car owner to book car service. The digital solution will also be offered to other companies with car-related services that want to increase the number of digital bookings.

E+ is MEKO's industry standard that ensures that workshops and vehicle technicians have the right expertise and tools to handle and service electric cars. During 2022, the number of approved E+ electric car workshops increased significantly and training of the most advanced E+ level to date began.

The total number of branches in the chains at the end of the period was 673 (479), of which 438 (401) were proprietary branches. There were a total of 4,360 affiliated workshops (3,929).

Income

Net sales increased by 14 per cent to SEK 14,067 M (12,309). Adjusted for the acquisition of Koivunen, net sales increased by 7 per cent. Organic growth was 3 per cent. Net sales were positively impacted by currency effects of 3 per cent.

The number of weekdays was unchanged in Sweden and Poland, there was one more day in Denmark and Norway and two more days in Finland during the full-year compared with the previous year.

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

Gross margin

The gross margin decreased to 44.9 per cent (45.5), mainly as a result of the acquisition of Koivunen, with a generally lower gross margin.

Adjusted operating profit EBIT

Adjusted EBIT amounted to SEK 945 M (1,031) and adjusted EBIT margin amounted to 6.6 per cent (8.2). Currency effects on the balance sheet negatively impacted adjusted EBIT in the period by SEK 16 M (positively: 10). Cost increases as a result of higher inflationary pressure and currency effects are the main reasons for the change in earnings compared with the previous year. Constraints related to COVID-19 have affected both the period and the comparative period, but to a varying extent in the various business areas. Adjusted EBIT refers to operating profit,

EBIT, adjusted for items affecting comparability and material acquisition related items attributable to amortisation of acquired intangible assets for the acquisitions FTZ, Inter-Team, Koivunen and MECA.

Operating profit, EBIT

EBIT amounted to SEK 759 M (894) and the EBIT margin amounted to 5.3 per cent (7.1). EBIT was negatively impacted by items affecting comparability of SEK 70 M (positively 3) of which SEK 48 M is attributable to costs and transaction tax related to the acquisition of Koivunen and SEK 22 M to restructuring in the Norwegian operations in the business area of Sweden/Norway. Currency effects on the balance sheet negatively impacted EBIT by SEK 16 M (positively: 10). Cost increases as a result of higher inflationary pressure, currency effects and items affecting comparability are the main reasons for the change in earnings compared with the previous year. Constraints related to COVID-19 have affected both the period and the comparative period, but to a varying extent in the various business areas.

SEK M	2022	2021
Operating profit (EBIT)	759	894
Transaction costs related to the acquisition of Koivunen	-26	-
Transaction tax related to the acquisition of Koivunen	-22	-
Restructuring costs, Norway	-22	-
Payment of AGS health insurance	0	12
Impairment of associated companies	0	-8
Items affecting comparability, total	-70	3
Other items ¹⁾	-116	-141
Adjusted operating profit (EBIT)	945	1,031

1) Other items include material acquisition-related items. Current acquisition-related items are depreciation and amortisation of acquired surplus values of tangible and intangible assets pertaining to the acquisitions of FTZ, Inter-Team, Koivunen, MECA and Sørensen og Balchen (Sørensen og Balchen until the end of April 2021 and MECA until the end of May 2022 when they were terminated).

Earnings after financial items

Profit after financial items amounted to SEK 581 M (759). Net interest items amounted to SEK -135 M (-106) and other financial items amounted to SEK -43 M (-29). Net financial items for the full-year also include incurred costs linked to new financing and early termination of previous financing and interest-rate swaps.

Earnings for the year

Profit after tax amounted to SEK 477 M (587). Earnings per share before and after dilution amounted to SEK 8.12 (10.21). Tax was positively impacted by SEK 34 M as a result of the booking of deferred tax assets for tax loss carry-forwards in Finland to the amount deemed to be usable after the acquisition of Koivunen.

Seasonal effects

The Group has no actual seasonal effects in its operations. However, the number of working days affects both sales and earnings. Unusually hot or cold weather can also affect sales.

Denmark Business Area

The Denmark business area primarily includes wholesale and store operations in Denmark. The business area is unchanged compared with the earlier FTZ business area.

Net sales increased by 6.0 per cent to SEK 3,689 M (3,480). Currency effects had a positive impact on net sales of 4.8 per cent. Organic growth was 0.2 per cent.

The sales trend was cautious for large parts of the year and was impacted by a generally weakened consumer purchasing power as a result of higher energy and fuel prices and higher inflationary pressure and rising interest rates.

EBIT amounted to SEK 265 M (352) and the EBIT margin amounted to 7.2 per cent (10.1).

The lower earnings are mainly attributable to a somewhat lower gross margin combined with a clear cost inflation with higher costs related to personnel, transportation and energy compared with the previous year. During the year, earnings were not impacted by any items affecting comparability at SEK 0 M (0). The gross margin decreased compared with the previous year, mainly as a result of higher purchase prices.

During the year, there was one more working day in Denmark than in the previous year.



Key performance indicators Share of the Group

Net sales



SEK 3,689 M

Employees



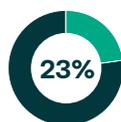
Average number of employees 1,144

Branches



Number of branches 50
of which own 50

Workshops



Number of workshops 1,023

Significant events 2022

- Positive growth in an apprehensive market.
- Increased digital bookings of workshop services.
- Agreements regarding the acquisition of 70 per cent of the leading car accessory company Avant Denmark.

Focus 2023

- Focus on customers
- Central warehouse projects
- Efficiency
- Electric car transformation

Finland Business Area

The Finland business area primarily includes wholesale and store operations in Finland. As of the third quarter of 2022, the business area comprises Mekonomen Finland's operations (previously reported in the MECA/Mekonomen business area) and acquired Koivunen's operations in Finland. Comparative figures have been restated.

Net sales increased to SEK 728 M (111), where the increase is mainly related to acquired Koivunen's operations in Finland. Currency effects

had a positive impact on net sales of 6 per cent. Organic growth was 25 per cent and pertains to the business Mekonomen Finland.

The market trend was wait-and-see in the Finnish market in the latter part of the financial year, affected by a generally weakened consumer purchasing power.

EBIT amounted to SEK 22 M (-29) and the EBIT margin amounted to 2.9 per cent (-25.5). During the year, earnings were not impacted by any items affecting comparability at SEK 0 M (0). The positive earnings trend is mainly attributable to the acquisition of Koivunen and improvements in earnings in previous operations.

During the year, there were two more working days in Finland than in the previous year.



Key performance indicators Share of the Group

Net sales¹⁾



SEK 728 M

Employees



Average number of employees 463

Branches



Number of branches 170
of which own 15

Workshops



Number of workshops 335

Significant events 2022

- Koivunen is becoming part of MEKO.
- Purchasing synergies.
- Heavy vehicles.

Focus 2023

- Focus on customers
- Extracting synergies between Fixus and Mekonomen
- Heavy vehicles
- Electric car transformation

¹⁾ Only applies to Koivunen Finland, June–December 2022.

Poland/the Baltics Business Area

The Poland/Baltics business area primarily includes wholesaling and store operations in Poland and the Baltics, as well as export operations. As of the third quarter of 2022, the business area comprises the former Inter-Team business area and acquired Koivunen's operations in Estonia, Latvia and Lithuania.

Net sales in Poland increased by 31 per cent to SEK 2,748 M (2,091). Currency effects had a positive impact on net sales of 2 per cent. Organic growth was 13 per cent.

Growth was driven by strong sales in the Polish market and continued positive development for the export operations, mainly as a result of good sales to Germany, Slovakia and the Czech Republic. The operations in the Baltic region have developed well.

EBIT increased to SEK 164 M (102) and the EBIT margin increased to 5.8 per cent (4.7). The earnings trend is mainly attributable to the acquired operations in the Baltic region combined with strong growth and an improved gross margin, which more than compensated for higher costs for personnel, distribution and energy compared with the previous year.

During the year, the number of weekdays was the same as in the previous year.



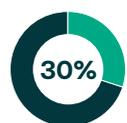
Key performance indicators Share of the Group

Net sales¹⁾



SEK 2,748 M

Employees



Average number of employees 1,793

Branches



Number of branches 131
of which own 109

Workshops



Number of workshops 964

Significant events 2022

- Strong organic growth.
- Higher profitability.
- Greater availability with new regional warehouse structure.
- Profitable export business.

Focus 2023

- Focus on customers
- Profitable growth
- Electric car transformation

1) The Baltics are only included July–December 2022.

Sweden/Norway Business Area

The Sweden/Norway business area primarily includes whole-sale, store, workshop and fleet operations in Sweden and Norway through the operations MECA and Mekonomen and a number of smaller businesses. As of the third quarter of 2022, the business area comprises the former business area of MECA/ Mekonomen, excluding Mekonomen Finland’s operations, which is reported in the Finland business area. Comparative figures have been restated.

Net sales increased by 5 per cent to SEK 6,020 M (5,746), of which SEK 3,712 M (3,564) in the Swedish operations and SEK 2,308 M (2,182) in the Norwegian operations. Currency effects had a positive impact on net sales of 2 per cent. Organic growth was 2 per cent.

The activity in the Swedish market has been sound for most of the financial year, while the trend in Norway has been cautious and to a greater extent impacted by a generally weaker consumer purchasing power related to higher inflationary pressure and rising interest rates.

EBIT amounted to SEK 383 M (475) and the EBIT margin amounted to 6.2 per cent (8.1).

Earnings were negatively impacted by non-recurring costs corresponding to SEK -22 M (12), related to planned measures for efficiency improvement and optimised availability through the closure of nine branches in Norway.



The earnings trend was impacted by a somewhat lower gross margin combined with a clear cost inflation compared with the previous year.

There were the same number of weekdays as in the previous year in Sweden and one more in Norway.

Key performance indicators Share of the Group

Net sales



SEK 6,020 M

Employees



Average number of employees 2,351

Branches



Number of branches 256 of which own 224

Workshops



Number of workshops 1,776

Significant events 2022

- Positive growth.
- Acquisition of XOIL.
- Country organisations implemented.
- Launch of service agreements.
- Mobile training tour in E+, high voltage competence.

Focus 2023

- Focus on customers
- Heavy vehicles
- Electric car transformation

Sørensen og Balchen (Norway) Business Area

The Sørensen og Balchen (Norway) business area primarily includes wholesale and store operations in Norway. Sørensen og Balchen (Norway) 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. The business area is unchanged compared with the former Sørensen og Balchen business area.

Net sales increased marginally to SEK 877 M (873). Currency effects had a positive impact on net sales of 5 per cent. Organic growth amounted to -9 per cent.

Sales were more affected than other segments by a generally weak retail market and a weakened consumer purchasing power, as a result of higher energy and fuel prices, as well as higher inflationary pressure and rising interest rates.

EBIT amounted to SEK 160 M (185) and the EBIT margin amounted to 18.0 per cent (20.9).

The change in earnings is mainly attributable to lower volumes combined with a noticeable cost inflation compared with the previous year. However, continued strict cost control has contributed positively to earnings growth. The gross margin strengthened somewhat compared with the previous year, mainly as a result of product mix.

During the year, there was one more working day in Norway than in the previous year.



Key performance indicators Share of the Group

Net sales



SEK 877 M

Employees



Average number of employees 285

Branches



Number of branches 66 of which own 40

Workshops



Number of workshops 262

Significant events 2022

- Leaders in electric cars.
- Better customer journey for both B2B and B2C.
- Ensure the quality of delivery and distribution.
- Greater focus on affiliated workshops.

Focus 2023

- Developing the customer club
- Being leaders in service for electric cars
- Launching a new spare parts catalogue
- Developing e-commerce as a sales and marketing channel

Acquisitions and start-ups

On 1 July 2022, the acquisition was completed of Koivunen, the leading distributor of car parts and associated services in Finland and Estonia, with operations also in Latvia and Lithuania. MEKO thereby expanded its Finnish operations and established itself in the Baltic region. Through the expansion, MEKO established its presence around the Baltic Sea and strengthened its position as the leading player in the automotive aftermarket in Northern Europe.

In the first quarter, MEKO acquired 20.5 per cent of the Swedish service company Omnica Holding AB, which offers mobile car service and digital sales of electric cars. Mobile workshop services are a rapidly growing trend that is greatly appreciated by both companies and private individuals. Omnica's services are offered today in Denmark with planned establishment in Sweden and Norway as well.

In Sweden, the Group acquired 70 per cent of the Swedish trading company XOIL Sverige AB through Mekonomen Company AB. XOIL offers a complete range of products, technical support and sales support to a broad market of business customers and branches. XOIL's services are offered mainly in Sweden today, but also Norway. The product programme includes ECL (Environmentally Considerate Lubricants), which is increasingly being requested by government, municipal and large private organisations.

Investments

Investments in fixed assets amounted to SEK 540 M (682) during the year, including leases of SEK 332 M (509). Depreciation and impairment of tangible fixed assets amounted to SEK 675 M (582).

Company acquisitions and business combinations amounted to SEK 1,481 M (36), of which SEK 1 M (2) relates to the estimated supplementary purchase considerations. During 2022, supplementary purchase considerations were also paid in an amount of SEK 1 M (4). Acquired assets totalled SEK 1,441 M (35) and assumed liabilities SEK 531 M (19). In addition to goodwill, which amounted to SEK 206 M (16), surplus values on intangible fixed assets of SEK 65 M (5) were identified with regard to customer relations, SEK 118 M (-) to brands and SEK 271 M (-) to land and buildings. Deferred tax liabilities attributable to acquired surplus values amounted to SEK 90 M (3).

Acquired non-controlling interests amounted to SEK 25 M (27). Divested non-controlling interests amounted to SEK 0 M (0). Divested operations amounted to SEK 17 M (2).

Financial position and cash flow

Cash flow from operating activities amounted to SEK 1,048 M (1 227). Tax paid amounted to SEK 240 M (192). Cash and cash equivalents amounted to SEK 741 M (892). The equity/assets

ratio was 38 per cent (40). Long-term interest-bearing liabilities amounted to SEK 5,391 M (4,177) including long-term lease liabilities of SEK 1,020 M (1,181). Current interest-bearing liabilities amounted to SEK 520 M (664) including current lease liabilities of SEK 520 M (467).

Net debt amounted to SEK 3,558 M (2,264), which is a decrease of SEK 1,294 M since the previous year. The main impact on the change in net debt during the year is acquisitions, operating profit, changes in working capital, investments and changes in exchange rates. During the year, the earlier acquisition loan raised in connection with the acquisition of FTZ and Inter-Team in 2018 was repaid in its entirety in an amount of SEK 2,012 M. New loans were raised in an amount of SEK 1,965 M and the revolving credit facility (RCF) was utilised in an amount of SEK 1,100 M. At the end of December, MEKO's available cash and unutilised credit facilities were around SEK 1,261 M, compared with SEK 2,004 M at year-end the previous year. The company meets all covenants in the loan agreements as per as of 31 December 2022.

Employees

Committed managers and employees are a prerequisite for successful growth and development of our operations. We believe that a clear direction for the Group and clear assignments for our managers and employees are important conditions for this commitment. Skills development takes place through internal and external training and through career and development planning, with new and more in-depth tasks in the day-to-day work. A fundamental working method within the Group is to encourage internal recruitment and talent development.

In the autumn of 2022, application opened for MEKO's first Trainee/talent programme. The programme began at the beginning of 2023 and extends over 15 months. The programme includes newly employed trainees and existing employee talents from several business areas. The aim of the programme is to offer trainees and talent development and ensure the next generation of managers within the company.

Remuneration to senior executives

Guidelines for remuneration to senior executives are presented in Note 5. Prior to the 2023 Annual General Meeting, a new share-based long-term incentive programme LTIP 2023 is proposed, in addition to the existing share-based programmes that are running in the Group, LTIP 2020, LTIP 2021 and LTIP 2022. LTIP 2020 will end in the second quarter of 2023. No other significant changes are proposed. For more detailed information, refer to the corporate governance report on page 47 and the company's remuneration report on www.meko.com.

Employee surveys, employee development talks and managers' ongoing dialogue with employees all address issues related to well-being and working conditions, as well as what opportunities exist for the individual to influence their work situation. The results of dialogue are reviewed on an ongoing basis with the aim of implementing improvements in the operations from an overall perspective to the individual's own group/unit. The annual employee survey conducted by the entire Group in autumn 2022 enables proactive work regarding leadership and commitment at Group and department level. Read more about the analysis of the survey on page 22.

The average number of employees during the year was 6,068 (5,182). The comparative figure for the number of employees in the Sweden/Norway business area has been restated for 2021 and is now expressed as an employment rate versus actual working hours as before.

Sensitivity analysis

MEKO's earnings are affected by a number of factors, such as sales volume, currency fluctuations on imported goods and sales to foreign subsidiaries, margins on purchased goods and salary changes. Imports mainly take place from Europe, mainly in the currencies EUR, DKK, SEK, USD and NOK. In the companies that do not have EUR as their home currency, purchases in EUR comprise around 44 per cent of their purchase volume. The table below shows the currency effects on the net flow for each currency. The impact of NOK primarily pertains to internal sales from Bileko Car Parts AB to Group companies in Norway, and profit for the year in Norway. Refer to Note 36 for more detailed information on how the Group manages currency risk.

Factors pertaining to earnings before tax

	Change, %	Impact, SEK M ¹⁾
Sales volumes	+1	63 (56)
Exchange rate fluctuations		
NOK	+10	49 (95)
EUR	+10	-120 (-176)
DKK	+10	21 (27)
USD	+10	-24 (-14)
Gross margin	Plus one percentage point	141 (123)
Personnel costs	+1	-32 (-28)
Interest ²⁾	+1	-21 (-5)

1) All things being equal, profit before tax for the 2022 financial year.

2) The effect is based on the Group's net debt of SEK 3,558 M as per 31 December 2022 adjusted for the interest-rate swap of SEK 1,500 M.

The Group's currency exposure in the translation of assets and liabilities in foreign currencies (excluding translation of foreign subsidiaries and net investments in foreign operations) was mainly against EUR and NOK. The effects on earnings in the

translation of financial assets and liabilities that existed at 31 December 2022 are presented below:

- If EUR had strengthened by 10 per cent, keeping all other variables constant, profit before tax would have been negatively impacted by SEK 55 M (negative 30), largely as a result of losses in the translation of accounts payable.
- If NOK had strengthened by 10 per cent, keeping all other variables constant, profit before tax would have been positively impacted by SEK 1.2 M (positive 2), largely as a result of gains in the translation of accounts receivable.

The above estimated effects as of 31 December 2022 vary from month to month, depending on the size of the balance-sheet items at the closing date.

Risks and uncertainties

MEKO's operations, as well as all business activities, are exposed to a number of external, strategic, operational and financial risks. Significant identified risks are continuously monitored and risk mitigation measures are taken to limit their effects. The most relevant risks for the business and their changes are described in the Risk and Risk Management section on page 28, as well as in Note 36 Financial Risks.

During the 2022 financial year, the Group's risk profile changed primarily based on focused work with sustainability risks.

Parent Company, Central Functions and Other Items

The Parent Company's operations mainly comprise the Group Management Team. The Parent Company's profit after net financial items amounted to SEK 510 M (-173), excluding dividends of SEK 566 M (530) from subsidiaries. The difference from the previous year is largely due to impairment of participations in the earlier operations in Finland.

The average number of employees in the Parent Company was 6 (6). During the year, MEKO AB sold products and services totalling SEK 39 M (47).

"Central functions" include Group-wide functions also including MEKO AB. Group-wide functions encompass functions that support the entire Group's work: finance and control, risk management and internal audit, sustainability, legal affairs, business development, communication and marketing, HR and operations that include purchasing, product range, logistics and IT. The units reported in "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. EBIT for "Central functions" amounted to SEK -119 M (-51). The largest difference compared with the previous year is due to costs attributable to the acquisition of Koivunen.

“Other items” include acquisition-related items attributable to MEKO AB’s direct acquisitions. Current acquisition-related items are depreciation and amortisation of acquired intangible and tangible assets pertaining to the acquisitions of FTZ, Inter-Team, Koivunen, MECA and Sørensen og Balchen (Sørensen og Balchen until the end of April 2021 and MECA until the end of May 2022 when this depreciation/amortisation was terminated) of SEK –116 M (–141).

Sustainability reporting and the Sustainability Report

The Group reports its sustainability work annually using the Global Reporting Initiatives (GRI) Standards. The 2022 Sustainability Report also constitutes the Group’s Communication on Progress to the UN Global Compact. The Group’s 2022 Sustainability Report was prepared in observance of the requirements in the Annual Reports Act. The Sustainability Report’s scope is presented on page 116.

Environment

MEKO complies with current environmental legislation, which also means that we apply the precautionary approach about taking necessary steps to reduce our negative impact on the environment.

The Group does not conduct any operations that require permits according to the respective national legislation. Operations subject to reporting in the form of car washes were run in the Group at the beginning of 2022, but after the operations were sold, one car wash remains under the Group’s direction.

MEKO’s largest environmental impact is in the areas of transports, energy use and chemicals and waste management. Our operations have rules and procedures to manage their environmental impact. For further information on the Group’s environmental activities, refer to page 108–110.

Events after the end of the year

By press release on 20 March 2023, the Nomination Committee of MEKO announced that they propose to the Annual General Meeting on 23 May 2023 to increase the number of board members to eight (against the current seven). According to MEKO’s articles of association, the Board of Directors shall consist of three to seven members. In order to expand the board from seven to eight members, in accordance with the Nomination Committee’s proposal, it is also proposed to the AGM to change the articles of association accordingly. The committee further proposes re-election of board members Robert M. Hanser, Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, Michael Løve and Helena Skåntorp, as well as election of Justin Jude as new board member. Robert M. Hanser is proposed to be re-elected Chairman of the Board. Read more about the proposed Board members at www.meko.com.

In connection with the 2022 year-end report, MEKO’s Board of Directors proposed that the 2023 Annual General Meeting resolve on dividends of SEK 3.30 per share.

As at 1 February 2023, MEKO has acquired 70 per cent of the leading car accessory company Avant Denmark. Avant Denmark offers Denmark’s largest range of accessories for cars and drives sales to companies and consumers, including online through Biludstyr.dk and through dealers throughout Denmark. Through the investment, the MEKO Group is further strengthening its leading position in Denmark.

MEKO presented adjusted financial targets and priorities at a capital market day on March 21 to strengthen its leading position. The financial targets imply a clarified ambition of an average annual sales increase of at least 5 per cent, to be achieved through a combination of organic growth and smaller acquisitions. Larger strategic acquisitions are not included. The new profitability target is an annual growth of adjusted EBIT of at least 10 per cent. The long-term target that the net debt in relation to operating profit (EBITDA) should be in the range of 2.0–3.0 times was left unchanged. The dividend policy was clarified to that the equivalent of 50 per cent of the profit after tax shall be distributed, considering acquisition opportunities, financial position, investment needs and possible share buy-backs.

On March 21, MEKO also announced that the company is intensifying its work to reduce the company’s climate footprint. As one of the first companies in the independent automotive aftermarket in Northern Europe, MEKO joins the so-called Science Based Targets initiative (SBTi), an international framework for companies that adopt science-based climate targets to limit global warming.

No other significant events occurred after the end of the financial year.

Future developments

MEKO’s business model is solid. The demand for mobility is timeless and a cornerstone of society, but the way we transport ourselves changes due to certain events in our surrounding world, e.g. Covid-19, and new technology. As vehicle technology becomes greener and customer behaviour changes, new business opportunities are also created, in which the need for service not only persists, but also develops. The company has a leading position in the main markets with the ambition to drive the digital and sustainable development of the industry.

Based on the development around COVID-19 with the reopening of society in early 2022, MEKO assesses that the pandemic has a limited impact on the operations, as long as a complete lockdown is not reintroduced in our main markets or markets that affect the business, such as the suppliers’ markets. Through the Group’s good relationship with suppliers and broad and well-stocked warehouses, MEKO does not assess that the availability of spare parts and accessories is significantly reduced in 2023.

The Group continues to maintain a focus on increasing profitability, reducing its debts and generating positive cash flows. The Group also intends to continue its efforts to continuously develop and adapt the business with a wider product range and services to attract new and existing customer groups.

The share

Share capital and ownership structure

As per 31 December 2022, the share capital of MEKO AB (publ) amounted to SEK 141 M (141) and comprised 56,416,622 shares (56,416,622) at a quotient value of SEK 2.50 per share (2.50). Each share (excluding treasury shares) carries one vote at the Annual General Meeting and all shares carry equal entitlement to a share in the company's profits and assets. Each shareholder is entitled to vote for all their shares with no restrictions and the shares are not included in any transfer restrictions.

MEKO AB has 79,243 treasury shares. Treasury shares do not entitle the holder to dividends or votes. LKQ Corporation with 26.6 per cent, Swedbank Robur Fonder with 11.3 per cent, and Fjärde AP-Fonden with 8.7 per cent are the largest shareholders. For information about the 15 largest shareholders as per 31 December 2022, refer to the table on page 35.

Authorisation

The Annual General Meeting on 20 May 2022 resolved to authorise 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. At the end of the financial year, no new shares were issued under this authorisation.

Dividend policy

It is the Board's intention that MEKO AB shall pay dividends corresponding to not less than 50 per cent of profit after tax. Decisions on dividend proposals shall take into account the company's potential acquisition opportunities, financial position, investment needs and prospects.

Shareholder agreements

As far as the Board of MEKO AB (publ) is aware, there are no shareholder agreements or other agreements between

MEKO's shareholders for joint influence over the company. As far as the Board of MEKO AB (publ) is aware, nor are there any agreements or similar that may result in a change in the control of the company.

Share dividends

The Board of Directors proposes a dividend of SEK 3.30 (3.00) per share to the 2023 Annual General Meeting. In the decision on the proposed dividend, the Board takes into account the company's potential acquisition opportunities, financial position, investment needs and future outlook. The Board, however, stands by the long-term dividend policy regarding paying dividends of at least 50 per cent of the profits.

Board of Directors' work in 2022

The Annual General Meeting on 20 May 2022 resolved that the Board was to comprise seven ordinary members with no deputy members. In accordance with the Nomination Committee's proposal, the Annual General Meeting resolved to re-elect Robert Hanser (Chair), Helena Skåntorp (Executive Vice Chair), Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson and Michael Løve.

During 2022, the Board held 14 meetings (9), of which 1 (0) was independent. The Board meetings during the year addressed the fixed items of each meeting agenda, such as the year-end financial statement including establishment of dividends, interim reports, budgets, strategies, the business situation, financial reporting, investments and market development.

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 the committees 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. For more information, refer to page 51.

Auditors

The auditors of the company are elected annually at the Annual General Meeting. According to a resolution of the Annual General Meeting, auditors' fees are paid according to approved invoices. The Group's auditors report to the Board as required, but at least once a year. The Board of Directors meets the external auditors at least once a year without management, in accordance with the Group's Code of Conduct. The Group's external auditors also attend the meetings of the Audit Committee.

At the 2022 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-elected as the auditing firm until the 2023 Annual General Meeting. The Auditor-in-Charge is Authorised Public Accountant Linda Corneliusson, who has an organisation comprising broad and specialised competency that is well-suited to MEKO's operations. PwC has been the company's auditing firm since 2014.

Proposed appropriation of earnings Parent Company

The following profit is at the disposal of the Annual General Meeting	SEK 000s
Profit brought forward	5,906,323
Profit for the year	226,158
Total	6,132,481
The Board proposes that profits be appropriated as follows:	SEK 000s
Dividend to the shareholders SEK 3,30 per share ¹⁾²⁾	185,913
To be carried forward ³⁾	5,946,567
Total	6,132,481

1) Of the amount paid, SEK 1,795,000 will be repaid to MEKO AB as a result of 544,000 hedged shares through share swaps.

2) Based on the number of shares outstanding on December 31, 2022.

3) The amount that is carried forward will increase by SEK 1,795,000 as a result of dividends that will be repaid for 544,000 hedged shares through share swaps.

For further information regarding the company's and the Group's earnings and financial position otherwise, refer to the following income statement, balance sheet, cash flow statements and accompanying notes.

Corporate Governance Report

MEKO consists of around 160 companies with operations primarily in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland and Sweden. The Parent Company of the Group is the Swedish public limited liability company MEKO AB, whose shares are listed on 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 the division 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)	Corporate Governance Documents
EU Market Abuse Regulation (MAR)	Other policies, guidelines and instructions
UN Global Compact	
EU taxonomy and GRI standard	

Application of the Swedish Corporate Governance Code

The Group applied the Swedish Corporate Governance Code ("the Code") with the following deviation in 2022:

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 MEKO.

Overall Corporate Governance Model



1 Shareholders

The MEKO share has been listed on the Nasdaq Stockholm, Mid Cap segment since 29 May 2000. On 31 December 2022, share capital amounted to SEK 141 M, represented by 56,416,622 shares. At year-end, MEKO AB had 79,243 treasury shares. Treasury shares do not entitle the holder to dividends or votes. The total market value for the company on 31 December 2022 amounted to SEK 6.4 billion, based on the closing price of SEK 112.60. All shares (excluding treasury shares) provide the same voting rights and equal rights to the company's earnings and capital. MEKO's Articles of Association do not include any restrictions on how many votes each shareholder can cast at a General Meeting.

On 31 December 2022, there were 12,009 shareholders (11,676). On the same date, the ten largest shareholders controlled 69.2 per cent (65.6) of the capital and voting rights, while foreign owners accounted for 43.5 per cent (46.6) of the capital and voting rights.

Shareholders which directly or indirectly represent at least one-tenth of the voting rights for all shares in MEKO are LKQ Corporation and subsidiaries, whose shareholding on 31 December 2022 amounted to 26.6 per cent (26.6), and Swedbank Robur Fonder with a holding equivalent to 11.3 per cent (9.5). For further information on MEKO's shares and shareholders, refer to pages 35–36.

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.meko.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, auditors and other members of the Group Management Team must always be present at the Meeting. With regard to participation in the 2023 Annual General Meeting, shareholders, in addition to the possibility of participating physically, can choose to participate by postal voting.

Annual General Meeting 2022

The Annual General Meeting was held in Stockholm on 20 May 2022. The complete minutes of the Annual General Meeting are available on the company's website at www.meko.com. 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 3.00 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 General Meeting shall be seven with no deputy members.
- to pay total Board fees of SEK 3,430,000, of which SEK 750,000 relates to fees to the Chairman of the Board and SEK 480,000 relates to the Executive Vice Chairman, and also SEK 350,000 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 150,000 to the Chairman of the Audit Committee, SEK 60,000 to each of the other members of the Audit Committee, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to each of the other members of the Remuneration Committee
- re-election of Chairman Robert M. Hanser and Board members Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, Helena Skåntorp and Michael Løve.
- to re-elect the auditing firm of Pricewaterhouse-Coopers AB as the company's auditor for the period until the close of the 2023 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 share-based incentive programme (LTIP 2022) and in conjunction with this to authorise the Board to decide on the acquisition of own shares and transfer of own shares
- to adopt authorisation 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
- amendment of the Articles of Association regarding the company name change to MEKO AB.

3 Nomination Committee

In accordance with the guidelines established at the Annual General Meeting on 20 May 2022, MEKO 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 2022 as provided by Euroclear Sweden AB.

The Nomination Committee for the 2023 Annual General Meeting consists of Robert M. Hanser appointed by LKQ Corporation, Caroline Sjösten appointed by Swedbank Robur Fonder AB, Thomas Wuolikainen appointed by Fjärde AP-Fonden and Kristian Åkesson appointed by Didner & Gerge 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). MEKO's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. No fees are paid to the Nomination Committees members.

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. MEKO's Nomination Committee comprises four members, all of whom are deemed to be independent in relation to the company and company management. MEKO's Nomination Committee also meets other independence requirements.

The Nomination Committee's task is to present proposals 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.

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.

MEKO 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. It's the Nomination Committee that suggests the External Auditors with assistance from the Audit Committee. Auditors are elected annually when the matter is submitted to the Annual General Meeting.

Annual General Meeting 2023

The Annual General Meeting will be held on 23 May 2023 at 7A Posthuset, Vasagatan 28, 111 20 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.meko.com

Overview of all points on the Board's agenda in 2022¹⁾²⁾

14 December

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

1 November

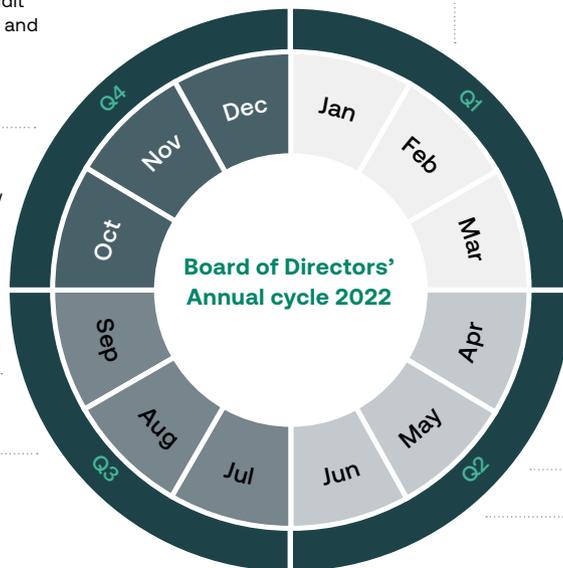
- Q3 2022, Interim report
- External auditor's management audit and reporting from the review
- Succession plan
- Acquisition issues

24 September

- Strategy update

23 August

- Q2 2022, Interim report



February 14, 2023

- Q4 2022, Year-end report
- Dividends
- External auditors' report
- Risk analysis & strategy update
- Acquisition issues
- Meeting with auditors without the Group management

5 April

- Approval of the annual report
- Remuneration report
- Invitation to the Annual General Meeting
- Proposals to the Annual General Meeting
- Acquisition issues

10 May

- Q1 2022, Interim report
- Financing issues
- Updating policies

19–20 May (Board meeting and Statutory Board meeting)

- Board's rules of procedure and instructions for the President
- Committees' rules of procedure
- Election of Vice Chairman
- Election of committee members
- Company signatories
- Acquisition issues
- Strategy 2027
- Change of name Parent Company – MEKO

1) At each ordinary Board meeting, the Group's position and performance and the outlook for the future were discussed.
 2) Extra Board meetings in 2022: 23 February (Name change of Parent Company – MEKO), 16 March (Consequences of invasion of Ukraine), 23 March (Consequences of invasion of Ukraine & acquisition issues), 7 June (Financing Issues), 31 October (Independent Board meeting, acquisition issues), 23 December (Update of equality policy).

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 must consist of a well-balanced combination of the guidelines that the Diversity Policy enforces, p. 50, as well as the skills that are important for managing the company's strategic work in a responsible and successful manner. Examples of such competencies include knowledge of retailing, the automotive industry, corporate governance, compliance to rules and regulations, financing and financial analysis as well as remuneration issues. Earlier 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 in the Board and management 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 2023 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 organisation and management and is to also make decisions pertaining to strategic issues. During 2022, the Board held 13 meetings (9), of which 1 (0) was independent. Minutes of the meetings have been kept

by the Board secretary, which is the Group's Director of Legal Affairs or the CFO. In the event of issues that risk involving conflicts of interest, independent Board meetings are held where the Board members representing LKQ Cooperation do not participate or receive 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 a proposal on dividends, 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 the 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-creation based on ability (Code of Conduct). There are written instructions that regulate the rules of procedure in the Board and the distribution of assignments between the Board and the President and the CEO, and for the reporting process.

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

Board remuneration and attendance

	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	840,000	13/13	–	4/4	5/5
Helena Skåntorp	630,000	13/13	1/1	4/4	–
Eivor Andersson	410,000	13/13	1/1	–	5/5
Kenny Bräck	350,000	13/13	1/1	–	–
Joseph M. Holsten	410,000	12/13	–	4/4	–
Magnus Håkansson	410,000	13/13	1/1	4/4	–
Michael Løve	380,000	12/13	1/1	–	5/5

for the two committees, and the work of the President and CEO. The instructions are reviewed annually and are primarily: the rules of procedure for the Board's work, instructions for the President and authorisation 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. During 2022, the Chairman organised a digital Board evaluation and evaluation of the committees and internal and external audits together with an external supplier for all Board members. The collective opinion based on the 2022 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 at the 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 and their follow-up in the Remuneration Report.

- 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.
- The Remuneration Committee annually evaluates its own work.

In 2022, the Remuneration Committee consisted of the Board members Eivor Andersson (Chairman), Robert M. Hanser and Michael Løve.

In 2022, the Remuneration Committee held five meetings. The respective member's participation is presented in the table on page 50. In addition, the company's President and CEO Pehr Oscarson has been present at five meetings and the company's CFO has been the committee's secretary during five 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 also meets the external auditors without the presence of Group management at least once a year.
- The Audit Committee annually evaluates its own work, as well as the work of the external and internal auditors. In addition to the committee's members, a selection from management and relevant employees participates in the work on the evaluation. In 2022, this took place through a digital platform that provided the possibility of full anonymity. In addition, the Audit Committee recommends proposals on external auditors and the remuneration of the auditors for the upcoming year to the Nomination Committee.

In 2022, the Audit Committee consisted of Helena Skåntorp (Chair), Robert M. Hanser, Joseph M. Holsten and Magnus Håkansson.

The Audit Committee held four meetings in 2022. The respective member's participation is presented in the table on page 50. The Group's external auditors, the President and CEO, 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 Group function, established to provide security for the Board and management. The need for an internal function is evaluated annually. 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 improvements in such areas as risk management, compliance with policies, effectiveness of the internal control for the financial reporting and inventory management in central and store warehouses. As well as the ability to execute on the strategy and the handling of cyber security. The Group's Head of Risk Management, Internal Control and Internal Audit is responsible for internal audit, which in that function reports to the Chair of the Audit Committee. The function works throughout the Group. The results of audits carried out are reported to the Audit Committee, the Board as a whole, the President and CEO and the Group Management Team and information is provided to management in each business area and other units where relevant.

In 2022, the board has decided to renew the internal audit partnership with EY, which will also continue in 2023. Internal Audit conducted three audits during the year: an audit regarding the Group's ongoing catalogue projects, with a special focus in the business area Denmark and Sweden/Norway, an audit regarding ongoing projects for the review of the management of continuity plans and their superior governance and an audit regarding fraud-related processes in Sweden.

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.

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 MEKO's Audit and Remuneration Committees.	Executive Vice Chairman. Chairman of MEKO's Audit Committee.	Board member. Chairman of MEKO's Audit Committee.	Board member.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO'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	1974
Position and Board assignments						
Member of the Board of LKQ Corporation and senior adviser to McKinsey, Member of the Board Fersa Bearings SA.	Chairman of the Boards of Plint Holding AB and Ljung & Sjöberg AB. Member of the Boards of Bygg-PartnerGruppen AB i Dalarna Holding AB and Bico AB. Chairman of the Boards and co-founder of Nielstorp AB and Skåntorp & Co AB.	Chairman of the Board of Apohem AB and 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 Work-life Group AB, GS1 Sweden AB and Impande Foundation Sweden.	CEO of energy company OK, Chairman of Kamstrup A/S, Chairman of EnergiData A/S, Board Member of JPIPolitiken Hus, Board Member of SMILfonden.
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 Bostads-rättsCentrum AB, President and CEO of Jarowskij, CFO of Arla, and Authorised Public Accountant Öhrlings/PwC.	President and CEO of TUI Nordic, President of Coop Marknad AB and President of 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 Netto, CEO of 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						
14,795	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 Oscarson	Petra Bendelin	Gabriella Granholm	Robert Hård	Åsa Källenius	Tobias Narvinger
President and CEO	Director of Business Development, Strategy and Sustainability	Director of Communication, Market and HR	Director of Legal Affairs	CFO	COO
Born					
1963	1978	1982	1966	1967	1974
Education					
Technical upper-secondary school, supplemented with short economics and management courses.	Master of 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, MEKO, Information Manager, IMA Sport.	Director of Legal Affairs, HR and Environment, MECA Group. Attorney-at-law, Advokatfirman Vingé. Clerk of Helsingborg District Court.	CFO of Tele2 Sweden, CFO Inflight Service AB. Financial Manager Spendrups Bryggerier AB.	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 Aktieföretag.	Member of the Boards of Green Giant Capital AB and Nic Christiansen Gruppen A/S.	–	–	Member of the Boards of Green landscaping AB, SinterCast AB and Cinis Fertilizer AB and DoMyPizza 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					
315,000	9,695	6,800	10,105	20,000	11,000
Share awards					
5,000 (LTIP 2020)	2,500 (LTIP 2020)	3,000 (LTIP 2020)	3,000 (LTIP 2020)	3,000 (LTIP 2020)	3,000 (LTIP 2020)
5,000 (LTIP 2021)	3,000 (LTIP 2021)	2,200 (LTIP 2021)	3,000 (LTIP 2021)	3,000 (LTIP 2021)	3,000 (LTIP 2021)
5,000 (LTIP 2022)	4,000 (LTIP 2022)	3,000 (LTIP 2022)	4,000 (LTIP 2022)	4,000 (LTIP 2022)	4,000 (LTIP 2022)



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

Group Management Team

In 2022, the Group Management Team consisted of the Group's President and CEO, Director of Business Development and Strategy, Director of Communication, Marketing and HR, CFO and COO. A more detailed presentation of the current Group Management Team is found on page 53.

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 2022 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 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 MEKO'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.

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

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 60¹⁾ per cent of the basic annual salary. The President and CEO is included in LTIP 2022, which was decided at the 2022 Annual General Meeting, LTIP 2021, which was decided at the 2021 Annual General Meeting and LTIP 2020, which was decided at the 2020 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 the right to 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 the rest of the Group Management Team 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 are primarily comprised of a company car.

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 2022 Annual General Meeting also resolved to establish a long-term share-based incentive programme (LTIP 2022), in accordance with the Board's proposal. LTIP 2022 comprises around 37 employees consisting of the Group Management Team of MEKO and other key individuals in the Group. For information on the complete proposal, refer to the minutes of the 2022 Annual General Meeting on the company's website and Note 5 of the 2022 Annual Report.

The LTIP 2021 and 2020 share-based incentive programmes are already in effect.

Read more about remuneration of senior executives in Note 5 of the 2022 Annual Report and in the company's remuneration report on www.meko.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 analysed. At the Board meeting in May, the updated strategy was approved and the Board had already approved the materiality analysis that forms the basis of the strategy. Read more about the strategy on page 12 and the materiality analysis on page 110.

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, which is annually 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 of Conduct.

The organisational governance for the strategic sustainability work rests with the Group Management Team, where the Director of Business Development and Strategy has the overall responsibility. The sustainability work is led and coordinated by the Group's sustainability manager who reports to the Director of Business Development and Strategy. 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 28–33.

The Board of Directors has set the sustainability targets set for operations; read more on page 19 and 110. These targets are followed up in the quarterly reporting to the Board. Additional sustainability-related information is sometimes also provided prior to decisions on an updated strategy or materiality analysis, for example, or with the aim of informing the Board of the ongoing work in sustainability.

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

MEKO's sustainability report is a part of the company's annual report and is discussed and approved annually by the Board. The evaluation of the Board's work, which was done during the year, included issues related to, among other things, anti-corruption, sanctions and workplace and product safety. The evaluation showed, for example, that MEKO is deemed to have a functioning whistle-blower system and that sustainability issues are included at all Board meetings.

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.

MEKO has an Investment Committee where the President and CEO decides on investments above a certain limit. Furthermore, there are local investment committees within the Group's business areas where the business area's Managing Director 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 decision forum.

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 profile, including compliance with regulations. Incidents are also handled in the committee.

The committee comprises all Group Management Team members and the Group risk manager (Head of Risk Management, Internal Control and Internal Audit); the President and CEO is the Chairman and is ultimately responsible for risk management. The committee held ten meetings in 2022.

The Group has an Enterprise Risk Management (ERM) policy, which clarifies the requirements for more formalised and thorough work throughout the Group. Read more in the risk management section on page 28. 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 MEKO'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 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. The Group has a second-line function 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

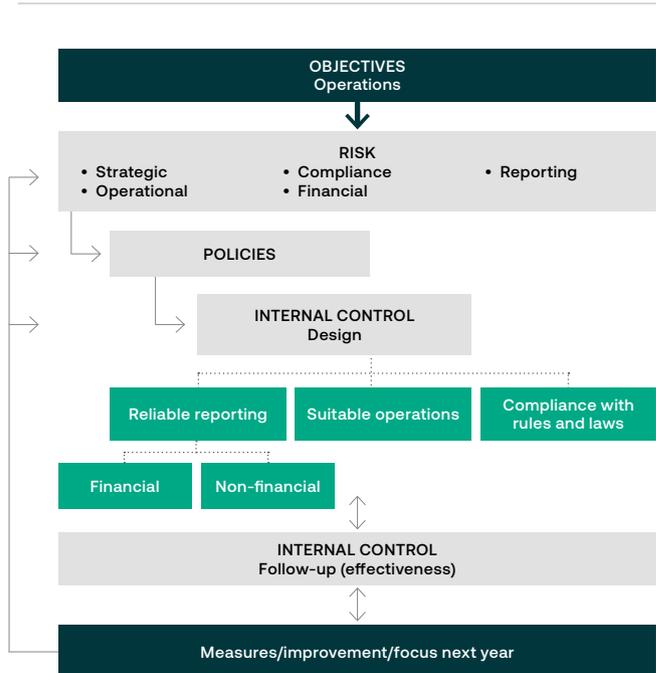
The control environment constitutes the basis for internal governance and control. An important part of the control environment is that decision paths, authorities and responsibilities, as well as competence requirements must be clearly defined and communicated between various levels in the Group and 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.

The Group's CFO ensure that the Group's financial handbook, which brings together relevant policies, financial processes and accounting policies, is updated annually. The latest version is sent to the respective business area's CFO to be made available in the respective organisation. Updates are also addressed in connection with regular CFO meetings involving CFOs from all business areas and the management of Group Finance.

Furthermore, an important part of the control environment is an overall corporate governance document and framework that provide mainly newly employed managers, but also existing managers a collective overview of the requirements placed on a manager. This document clarifies organisation and decision pathways, goals, values and overall strategies, formal governance tools and all Group policies other than those stated in the financial handbook. The document also contains guidelines for legal governance of subsidiaries and requirements for a certificate signed by the business area manager annually verifying that the requirements set are complied with.

Risk assessment

Risk assessment and risk management mean that the management is aware of and has assessed risks and threats in the business. Within the Group, we regularly monitor the Group's risks and map any new risks. Among the identified risks, there are a



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

number of items in the financial statements and administrative flows and processes where the risk of errors is elevated.

MEKO works continuously to reduce these risks by strengthening internal 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 reporting, with specific focus on significant areas defined by management and the Board. Within the Group, we work with specific control activities that are intended to ensure the timely discovery or prevention of the risks of errors in the reporting.

In recent years, several internal control frameworks governed by the Group have been established with special controls for annual accounts and reporting, and for inventory management centrally and locally. During the year, work to strengthen the Group's internal control framework continued, where the framework for inventory management at warehouses has been fully implemented. In addition, the work on a framework for IT general controls (ITGC) continued during the year, where controls related to cyber security have been prioritised and implemented.

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 the Code of Conduct, financial handbook, corporate governance documents and communication policy, are particularly important for accurate accounting, reporting and external disclosure. A review of policies is carried out annually or in the event of significant changes.

Policies, guidelines and other information are communicated to employees through intranet platforms and continuously in 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 that described above in section 12 "Internal control for financial reporting" on page 55, the Board also evaluates the information provided 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 Team have quarterly reviews with the President and CFO of the respective business area regarding the earnings for the quarter. In addition, Group finance has monthly status meetings with the President and CFO of the respective business area, in addition to close cooperation with the Group companies' CFOs and controllers regarding year-end financial statements 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.

There is an established tool where the effectiveness of each formally implemented internal control is self-assessed quarterly by each business area in consultation with the Group. Further frameworks will gradually be included for evaluation in this tool.

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 2022 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-elected as the auditing firm until the 2023 Annual General Meeting. The Auditor-in-Charge is Authorised Public Accountant Linda Corneliussen. PwC has a broad organisation comprising specialised competency that is well-suited to MEKO's operations and has been the company's auditing firm since 2014.

Fees to auditors, SEK M

	2022	2021
PwC		
Fees for audit assignments	14	11
Audit-related services other than the audit assignment	0	2
Tax consultancy	0	0
Other services	5	0
Total PwC	19	13
Other auditing firms		
Fees for audit assignments	1	0
Audit-related services other than the audit assignment	–	0
Tax consultancy	0	0
Other services	0	0
Total other	1	0
Total fees to auditors	20	14

PwC submits an auditor's report for MEKO AB (publ) and for the company's subsidiaries, excluding a few smaller subsidiaries. For the newly acquired Koivunen OY with subsidiaries, KPMG are auditors. The auditors also perform a review of the third-quarter interim report and a review of the audit report for 2022. 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 www.meko.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 2013
- Information about the 2023 Annual General Meeting

Financial statements

Consolidated income statement

SEK M	Note	2022	2021
Net sales	3	14,067	12,309
Other operating revenue		324	243
Total revenue		14,391	12,552
Operating expenses			
Goods for resale	18	-7,745	-6,709
Other external costs	4	-1,972	-1,490
Personnel costs	5	-3,043	-2,653
Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets and right-of-use assets (EBITDA)		1,631	1,699
Depreciation/amortisation and impairment of tangible fixed assets and right-of-use assets	6	-675	-582
Operating profit before amortisation and impairment of intangible fixed assets (EBITA)		956	1,117
Amortisation and impairment of intangible fixed assets	6	-197	-223
Operating profit (EBIT)	9	759	894
Financial income and expenses			
Interest income		17	9
Interest expenses		-152	-115
Other financial items	9	-43	-29
Profit after financial items		581	759
Tax on profit for the year	10	-104	-172
Profit for the year		477	587
Profit for the year attributable to:			
Parent Company's shareholders		454	572
Non-controlling interests		23	14
Total profit for the year		477	587
Earnings per share attributable to Parent Company's shareholders			
Earnings per share, SEK ¹⁾		8.12	10.21
Average number of shares, pcs ¹⁾		55,891,711	56,049,728

1) No dilution is applicable. For further information on data per share, refer to pages 34–35.

Consolidated statement of comprehensive income

SEK M	Note	2022	2021
Profit for the year		477	587
Other comprehensive income:			
<i>Components that will not be reclassified to profit for the year:</i>			
– Actuarial gains and losses		2	-3
<i>Components that may later be reclassified to profit for the year:</i>			
– Exchange-rate differences on translation of foreign subsidiaries, net after tax ³⁾		441	154
– Hedging of net investment, net after tax ^{1), 3)}		-81	-60
– Cash flow hedges, net after tax ^{2), 3)}		22	9
Total other comprehensive income, net after tax³⁾		385	100
Comprehensive income for the year		861	687
Comprehensive income for the year attributable to:			
Parent Company's shareholders		833	669
Non-controlling interests		28	18
Comprehensive income for the year		861	687

1) Loans raised in EUR in connection with acquisitions in Denmark hedge the currency risk in the net investments to the end of July 2022 and loans in NOK to the first part of the first quarter of 2021 and cross-currency interest-rate swaps in the first quarter of 2021 hedge the net investment in Norway and the currency translation is recognised 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 recognised directly against items in other comprehensive income, refer to Note 16 and Note 28.

Consolidated balance sheet

SEK M	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Fixed assets			
<i>Intangible fixed assets</i>	12		
Goodwill		4,135	3,761
Brands		1,023	853
Customer relations		574	596
Capitalised expenditure for IT systems		200	184
Total intangible fixed assets		5,933	5,394
<i>Tangible fixed assets</i>			
Land and buildings	14	626	42
Improvement costs, third-party property	13	20	19
Equipment and transport	14	430	376
Total tangible fixed assets		1,076	436
Right-of-use assets	15	1,526	1,651
<i>Financial fixed assets</i>			
Investments accounted for using the equity method		27	26
Other financial fixed assets	11, 17	109	68
Total financial fixed assets		136	94
Deferred tax assets	16	19	3
Total fixed assets		8,690	7,578
Current assets			
Goods for resale	18	4,147	3,021
Current receivables	11, 19, 20	2,195	1,738
Cash and cash equivalents	11, 21	741	892
Total current assets		7,083	5,651
Total assets		15,773	13,229
Shareholders' equity and liabilities			
Shareholders' equity	28		
Share capital		141	141
Other capital contributions		2,993	2,993
Reserves		61	-317
Profit brought forward including profit for the year		2,606	2,356
Total shareholders' equity attributable to Parent Company's shareholders		5,801	5,174
Non-controlling interests		125	55
Total shareholders' equity		5,926	5,229
Long-term liabilities			
Borrowing	11, 22	4,370	2,995
Lease liabilities	15	1,020	1,181
Other long-term liabilities		0	20
Deferred tax liabilities	16	501	357
Provisions	23	21	25
Total long-term liabilities		5,911	4,579
Current liabilities			
Borrowing	11, 22	-	197
Lease liabilities	15	520	467
Tax liabilities		70	115
Other current liabilities	11, 24, 25	3,307	2,615
Provisions	23	39	27
Total current liabilities		3,936	3,421
Total shareholders' equity and liabilities		15,773	13,229

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 shareholders' equity
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: ¹⁾			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
Acquisitions/sales and other adjustments 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
Opening balance on 1 January 2022	141	2,993	-317	2,356	5,174	55	5,229
Profit for the year				454	454	23	477
Other comprehensive income: ¹⁾			377	2	379	5	385
Comprehensive income for the year	-	-	377	456	833	28	861
Transactions with shareholders							
Share swap				-23	-23		-23
Share-savings programme				-6	-6		-6
Dividends				-168	-168	-16	-184
Acquisition/divestment of non-controlling interests				-9	-9	57	48
Total transactions with shareholders	-	-	-	-206	-206	42	-164
Closing balance on 31 December 2022	141	2,993	61	2,606	5,801	125	5,926

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

Consolidated cash-flow statement

SEK M	Note	2022	2021
Operating activities			
Profit after financial items		581	759
Adjustments for items not affecting liquidity	30	903	859
		1,484	1,617
Tax paid		-240	-192
Cash flow from operating activities before changes in working capital		1,244	1,425
Cash flow from changes in working capital			
Decrease (+) / increase (-) of inventories		-251	-236
Decrease (+) / increase (-) of receivables		-186	-201
Decrease (-) / increase (+) of liabilities		241	239
Increase (-) / decrease (+) in working capital		-196	-198
Cash flow from operating activities		1,048	1,227
Investments			
Acquisition of subsidiaries and operations	31	-1,334	-33
Divestment of subsidiaries and operations		16	2
Acquisition of tangible fixed assets	13, 14	-137	-96
Divestment of tangible fixed assets		5	1
Acquisition of intangible fixed assets	12	-71	-78
Acquisition of participations in associated companies and joint ventures		-21	-
Sale of participations in associated companies and joint ventures		20	-
Increase (-) / decrease (+) of long-term receivables		-10	3
Cash flow from investing activities		-1,533	-201
Financing activities			
	30		
Acquisition of non-controlling interests	31	-25	-27
Divestment of non-controlling interests	31	0	0
Payment of share swaps	28	0	-18
Change in overdraft facilities		-	-68
Loans raised		3,056	1,237
Amortisation of loans		-2,561	-1,674
Dividends paid		-184	-19
Cash flow from financing activities		286	-569
Cash flow for the year		-199	457
Cash and cash equivalents at the beginning of the year			
		892	420
Exchange-rate differences in cash and cash equivalents		49	15
Cash and cash equivalents at year-end	21	741	892

Interest received amounted to SEK 8 M (9) and interest paid amounted to SEK 126 M (95).

Income statement for the Parent Company

SEK M	Note	2022	2021
Net sales	3, 32	39	47
Other operating revenue		27	31
Total revenue		66	78
Operating expenses			
Goods for resale		-1	-1
Other external costs	4	-65	-71
Personnel costs	5	-39	-47
Depreciation/amortisation of tangible and intangible fixed assets	6	-	0
EBIT		-39	-41
Financial income and expenses			
Result from participations in Group companies	7	234	530
Interest income		76	43
Interest expenses		-114	-73
Other financial items	9	-101	-102
Profit after financial items		56	357
Appropriations	8	170	250
Profit before tax		226	607
Tax on profit for the year	10	0	-17
Profit for the year		226	590

Statement of comprehensive income for the Parent Company

SEK M	Note	2022	2021
Profit for the year		226	590
Other comprehensive income, net after tax		-	-
Comprehensive income for the year		226	590

Balance sheet for the Parent Company

SEK M	Note	31 Dec. 2022	31 Dec. 2021
Assets			
Fixed assets			
<i>Tangible fixed assets</i>			
Equipment and transport		–	0
Total tangible fixed assets		0	0
<i>Financial fixed assets</i>			
Participations in Group companies	27	9,402	7,946
Receivables from Group companies		887	1,245
Deferred tax assets	16	30	19
Total financial fixed assets		10,319	9,210
Total fixed assets		10,319	9,210
Current assets			
<i>Current receivables</i>			
Accounts receivable		10	4
Receivables from Group companies		271	252
Other receivables		22	8
Prepaid expenses and accrued income	20	2	1
Total current receivables		305	265
Cash and cash equivalents	21	391	425
Total current assets		696	690
Total assets		11,015	9,900
Shareholders' equity and liabilities			
Shareholders' equity	28		
<i>Restricted shareholders' equity</i>			
Share capital		141	141
Statutory reserve		3	3
Total restricted shareholders' equity		144	144
<i>Non-restricted shareholders' equity</i>			
Profit brought forward		5,906	5,513
Profit for the year		226	590
Total non-restricted shareholders' equity		6,132	6,103
Total shareholders' equity		6,277	6,248
Untaxed reserves		197	214
Provisions	23	4	4
Long-term liabilities			
Borrowing	22	4,370	2,991
Total long-term liabilities		4,370	2,991
Current liabilities			
Other liabilities to credit institutions	22	–	197
Accounts payable		2	4
Liabilities to Group companies		114	221
Other liabilities		1	1
Accrued expenses and deferred income	25	50	21
Total current liabilities		167	443
Total shareholders' equity and liabilities		11,015	9,900

Statement of changes in shareholders' equity for the Parent Company

SEK M	Restricted shareholders' equity		Non-restricted shareholders' equity		Total equity
	Share capital	Statutory reserve	Share premium reserve	Profit brought forward	
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
Opening balance on 1 January 2022	141	3	–	6,103	6,248
Profit for the year				226	226
Other comprehensive income				–	–
Comprehensive income for the year				226	226
Transactions with shareholders					
Share swap				–23	–23
Share-savings programme				–6	–6
Dividends				–168	–168
Total transactions with shareholders	–	–	–	–197	–197
Closing balance on 31 December 2022	141	3	–	6,132	6,277

The number of shares as at 31 December 2022 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	2022	2021
Operating activities			
Profit after financial items		56	357
Adjustments for items not affecting liquidity	30	412	85
		468	442
Tax paid		–23	–17
Cash flow from operating activities before changes in working capital		445	425
Cash flow from changes in working capital			
Decrease (+) / increase (–) of receivables		224	61
Decrease (–) / increase (+) of liabilities		–193	–237
Increase (–) / decrease (+) in working capital		31	–176
Cash flow from operating activities		476	249
Investments			
Acquisition of subsidiaries	27	–1,456	–
Capital contributions paid	27	–	–1
Increase (–) / decrease (+) of long-term receivables		69	–40
Cash flow from investing activities		–1,387	–41
Financing activities			
Payment of share swaps	28	0	–18
Change in overdraft facilities		–	–68
Loans raised		3,056	1,237
Amortisation of loans		–2,010	–1,180
Dividends paid		–168	–
Cash flow from financing activities		877	–29
Cash flow for the year		–34	179
Cash and cash equivalents at the beginning of the year		425	246
Cash and cash equivalents at year-end	21	391	425

Profit after financial items includes dividends received from subsidiaries of SEK 566 M (530). Interest received amounted to SEK 59 M (38) and interest paid amounted to SEK 81 M (73).

Notes

1 Accounting policies

During the period, the Parent Company Mekonomen AB (publ.) completed a name change to MEKO AB (publ.). MEKO AB, corporate identity number 556392-1971, is a Swedish public limited company listed on the Nasdaq stock exchange in Stockholm, Sweden. MEKO AB is the Parent Company of the Group with its registered office in Stockholm, Sweden. The address of the head office is MEKO AB, Box 19542, SE-104 32 Stockholm, Sweden. The visiting address is Solnavägen 4, 11th floor, Stockholm, Sweden. The Board of Directors and CEO of MEKO AB (publ.), corporate identity number 556392-1971, hereby submit the Annual Report and consolidated financial statements for the 2022 financial year.

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 2022. 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 2022

None of the new standards and interpretations applied by MEKO as of 1 January 2022 has had any significant impact on the consolidated financial statements.

Amended accounting policies 2022 and later

A number of new standards and amendments of interpretations and existing standards come into effect for financial years beginning on 1 January 2022. 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 recognising 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 recognised 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 their fair value on the date of acquisition. Any gains or losses arising are recognised 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 recognised in profit or loss. Contingent consideration classified as shareholders' equity is not re-measured and the subsequent adjustment is recognised 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 recognised 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 recognised 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 recognised in shareholders' equity. Profits or losses from divestments to non-controlling interests are also recognised 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 recognised 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 recognised in other comprehensive income are recognised as if the Group had directly divested the assets or liabilities in question. This may result in the amount previously recognised 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 recognised using the equity method.

MEKO 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. MEKO has only one joint arrangement with a marginal impact on the Group and has determined that it is a joint venture. Joint ventures are recognised 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 recognised 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 recognised 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 recognised insofar as they constitute an effective hedge in other comprehensive income.

1 Accounting policies, cont.

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 recognised in other comprehensive income against the translation reserve in shareholders' equity.

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

MEKO'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 recognised as revenue when control of the goods is transferred, which normally occurs when the goods are delivered to the customer. Sales are recognised 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 recognised 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 correctly 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 recognised 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 recognised 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 recognised as a provision; see Note 23.

Revenue – other

Revenue from the sale of workshop services is recognised in the period in which the service took place. Revenue is recognised 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 recognised 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 recognised 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 recognised, 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 recognised 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 MEKO's accounting policies, a multi-employer defined-benefit plan is recognised based on the rules of the plans and recognises 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 recognised 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 recognised 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 recognises liabilities and expenses in connection with a termination of employment, when MEKO is unquestionably obligated to either terminate employment prior to the normal termination date or to voluntarily pay remuneration to encourage early retirement.

MEKO recognises 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

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

For the programme, the cost is recognised 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 recognised 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, LTIP 2021 and LTIP 2022) 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 recognised in certain countries for the value of the employee's benefit.

1 Accounting policies, cont.

The Group continuously recognises 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 assistance

The government assistance received is recognised 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 recognised according to the balance-sheet method. Deferred tax liabilities are recognised in principle on all taxable temporary differences, while deferred tax assets are recognised to the extent that it is probable that the amount can be utilised 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 utilised 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 recognised as revenue or expenses in profit or loss, except in cases when it pertains to transactions or events that are recognised against other comprehensive income or directly against shareholders' equity. The deferred tax is then also recognised 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 recognised directly in profit or loss. Goodwill has an indefinite useful life and is recognised at cost less any accumulated impairment. In the divestment of an operation, the portion of goodwill attributable to this operation is recognised in the calculation of gain or loss on the divestment.

Other intangible assets

Expenditure for the development and implementation of IT systems can be capitalised 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, Inter-Team and Koivunen have been deemed to have an indefinite useful life and are recognised at cost less any accumulated impairment losses. Customer relations, other brands, franchise contracts and strategic IT investments have definite useful lives and are recognised at cost less accumulated amortisation. Amortisation 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 recognised 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 recognised 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 recognised 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 recognised net in profit or loss.

Right-of-use assets / Leasing

MEKO applies IFRS 16 Leases. According to IFRS 16, the lessee does not differentiate between operating and finance leases and essentially recognises all leases as a right-of-use (right-of-use) asset and a lease liability in the balance sheet. Leases are recognised in the balance sheet, the date the leased asset is available for use by the Group. Amortisation of the asset is recognised in operating profit and interest on the lease liability in net financial items. The lease charge is recognised 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 and 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 practical relief 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 exercised 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

1 Accounting policies, cont.

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.

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

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, such as goodwill, are not impaired but tested annually for any impairment requirements. The brands that were added through the acquisitions of Sørensen og Balchen, MECA, FTZ, Inter-Team and Koivunen 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 recognised in profit or loss in the period it is determined.

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

Previously recognised 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 recognised 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 recognised 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 MEKO, except for derivatives, are classified and measured at amortised cost with application of the effective interest method. The business model for all of MEKO's financial assets, except for derivatives, is held-to-maturity and the contractual cash flows are only comprised 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. MEKO 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 recognised 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 recognised either as an asset or liability, depending on changes in the exchange rate. A financial asset or financial liability is recognised 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 recognised. 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 realised 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 amortised cost according to the effective interest method. Changes in reserves for credit losses are recognised in operating profit in the income statement.

For information about the change for the year and the loss reserve as per 31 December 2022, refer to Note 17.

Accounts receivable

Accounts receivable are recognised net after provisions for expected bad debts. The expected term of accounts receivable is short, which is why the amount is recognised at nominal value without discounting in accordance with the method for amortised 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 recognised 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 2022, 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 recognised at nominal amounts.

1 Accounting policies, cont.

Derivative instruments and hedge accounting

MEKO hedges part of accounts payable in foreign currencies. Hedging is conducted using currency derivatives with a maximum term of 12 months. Hedged liabilities in foreign currencies are recognised at the closing day rate and hedging instruments are recognised separately at fair value in the balance sheet and the change in value is recognised in profit or loss.

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 recognised 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 unrealised value changes that is ineffective is recognised 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 interest-rate swaps as hedging instruments in a hedge of net investment in foreign operations, these exchange rate differences are also recognised in other comprehensive income and accumulated in the translation reserve. The accumulated translation differences were transferred and recognised as part of capital gains or capital losses in cases where foreign operations were divested.

Accounts payable

Accounts payable are recognised at amortised 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 recognised at amortised 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 recognised 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 and the amount for settling the provision.

Provisions are recognised in the statement of financial position when MEKO 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 recognised 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 recognised at present value.

Cash-flow statement

The cash-flow statement was prepared in accordance with the indirect method. The recognised 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 account-

ing 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 recognised 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 recognised 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 2022

In January 2022, 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 recognised 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 recognised separately in a legal entity. The changes in untaxed reserves are recognised 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 recognised in the balance sheet under the heading "Untaxed reserves".

Group contributions and shareholders' contributions

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

Pensions

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

Leasing

The Parent Company recognises 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 recognised 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.

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 estimates made by MEKO in the 2022 annual accounts, which had the greatest impact on earnings, 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, utilisation 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, analyses 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 analyses 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, MEKO 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 recognised 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 2022, MEKO recognised deferred tax liabilities in excess of deferred tax assets at a net amount of SEK 482 M (354). 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 recognised in the consolidated balance sheet as a right of use (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 2.93 per cent.

The possibility of extending a lease is only included in the lease's length if it is reasonably certain to assume that the lease will be extended (or not concluded). 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 2022 amounted to SEK 1,540 M (1,648). For the maturity structure for undiscounted cash flows, refer to Note 11. Further information about leasing is found in Note 15.

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 MEKO, this function has been identified as the company's President and CEO.

As of the third quarter of 2022, the Group is reported in five business areas: Denmark, Finland, Poland/the Baltics, Sweden/Norway and Sørensen og Balchen (Norway).

The Denmark business area primarily includes wholesale and store operations in Denmark. The business area is unchanged compared with the earlier FTZ business area.

The Finland business area primarily includes wholesale and store operations in Finland. As of the third quarter of 2022, the business area comprises Mekonomen Finland's operations (previously reported in the MECA/ Mekonomen business area) and acquired Koivunen's operations in Finland. Comparative figures have been restated.

The Poland/Baltics business area primarily includes wholesaling and store operations in Poland and the Baltics, as well as export operations. As of the third quarter of 2022, the business area comprises the former Inter-Team business area and acquired Koivunen's operations in Estonia, Latvia and Lithuania.

The Sweden/Norway business area primarily includes wholesale, store, workshop and fleet operations in Sweden and Norway through the operations MECA and Mekonomen and a number of smaller businesses. As of the third quarter of 2022, the business area comprises the former business

area of MECA/Mekonomen, excluding Mekonomen Finland, which is reported in the Finland business area. Comparative figures have been restated.

The Sørensen og Balchen (Norway) business area primarily includes wholesale and store operations in Norway. Sørensen og Balchen (Norway) 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. The business area is unchanged compared with the former Sørensen og Balchen business area.

"Central functions" include Group-wide functions also including MEKO AB. "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 MEKO AB's direct acquisitions and elimination of intra-Group revenue of SEK 337 M (310). Current acquisition-related items are depreciation and amortisation of surplus values regarding acquired intangible and tangible assets pertaining to the acquisitions of FTZ, Inter-Team, Koivunen, MECA and Sørensen og Balchen (Sørensen og Balchen until the end of April 2021 and MECA until the end of May 2022 when this depreciation/amortisation was terminated).

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.

SEK M	Denmark		Finland ¹⁾		Poland/ the Baltics		Sweden/ Norway ¹⁾		Sørensen og Balchen (Norway)		Central functions		Other items		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue																
External net sales	3,689	3,480	728	111	2,748	2,091	6,020	5,746	877	873	5	7			14,067	12,309
Internal revenue	6	0	24	0	7	6	143	151	30	31	128	122	-337	-310	0	0
Other revenue	6	4	10	2	104	66	157	124	10	11	36	37			324	243
Total revenue	3,700	3,484	763	113	2,859	2,163	6,319	6,021	917	915	170	166	-337	-310	14,391	12,552
Operating profit (EBIT)	265	352	22	-29	164	102	383	475	160	185	-119	-51	-116	-141	759	894
Financial items – net															-178	-134
Profit before tax															581	759
Investments in tangible fixed assets ²⁾	17	5	12	4	28	18	74	63	4	4	0	0			137	95
Investments in intangible fixed assets ²⁾	27	33	2	2	7	5	23	31	0	0	12	7			71	78
Depreciation and impairment (tangible assets) ³⁾	12	14	16	4	19	11	90	75	5	5	0	0	8	0	150	110
Amortisation of right-of-use assets	93	83	21	9	33	29	330	309	49	43	0	0			526	473
Amortisation and impairment (intangible assets) ³⁾	8	2	0	0	5	3	72	76	0	0	3	2	108	141	197	223
Average number of employees for the period ⁴⁾	1,144	1,125	463	29	1,793	1,472	2,351	2,254	285	274	33	29			6,068	5,182
Number of proprietary branches	50	50	15	1	109	83	224	228	40	39	-	-			438	401
Number of partner branches	-	-	155	18	22	2	32	31	26	27	-	-			235	78
Number of branches in the chain	50	50	170	19	131	85	256	259	66	66	-	-			673	479
Key figures																
EBIT margin, % ⁵⁾	7.2	10.1	2.9	-25.5	5.8	4.7	6.2	8.1	18.0	20.9					5.3	7.1
Change in sales, % ⁵⁾	6	3	557	22	31	5	5	9	0	10					14	7
Revenue per employee, SEK 000s	3,234	3,097	1,647	3,953	1,595	1,443	2,688	2,671	3,222	3,336					2,372	2,422
Operating profit per employee, SEK 000s	232	313	47	-1,008	92	62	163	211	562	674					125	172

1) Mekonomen Finland is reported from the third quarter of 2022 in the Finland business area from previously in the Sweden/Norway business area. Comparative figures have been restated.

2) Investments are exclusive of company and business combinations and exclusive of leases according to IFRS 16.

3) Acquisition-related depreciation, amortisation and impairment of tangible and intangible assets attributable to MEKO AB's direct acquisitions are included in Other items.

4) The number of employees in Mekonomen Finland was moved to the Finland business area from the business area of Sweden/Norway. Comparative figures for 2021 have been restated. The comparative figure for the Sweden/Norway business area has been restated and is now expressed as an employment rate versus actual working hours as before.

5) Internal sales were excluded from the calculation of the operating margin and the change in sales for the segments.

3 Segment information, cont.

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:

Net sales by customer groups, %	2022	2021
Affiliated workshops	30 %	32%
Other companies	54 %	51%
Consumers	13%	15%
Partner branches	4%	2%
Total net sales	100%	100%

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:

Net sales by country	Denmark		Finland		Estonia		Latvia		Lithuania	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Denmark	3,689	3,480	-	-	-	-	-	-	-	-
Finland	-	-	728	111	-	-	-	-	-	-
Poland/the Baltics	-	-	-	-	231	-	60	-	36	-
Sweden/Norway	-	-	-	-	-	-	-	-	-	-
Sørensen og Balchen (Norway)	-	-	-	-	-	-	-	-	-	-
Central functions	-	-	-	-	-	-	-	-	-	-
Total	3,689	3,480	728	111	231	0	60	0	36	0

Net sales by country	Denmark		Finland		Estonia		Latvia		Lithuania	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Denmark	-	-	-	-	-	-	-	-	3,689	3,480
Finland	-	-	-	-	-	-	-	-	728	111
Poland/the Baltics	-	-	2,421	2,091	-	-	-	-	2,748	2,091
Sweden/Norway	2,308	2,182	-	-	3,712	3,564	-	-	6,020	5,746
Sørensen og Balchen (Norway)	877	873	-	-	-	-	-	-	877	873
Central functions	-	-	-	-	-	-	5	7	5	7
Total	3,185	3,055	2,421	2,091	3,712	3,564	5	7	14,067	12,309

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 2,843 M (3,051) and the total of such fixed assets located in other countries amounted to SEK 5,692 M (4,430), of which SEK 3,211 M (3,022) in Denmark, SEK 1,184 M (1,167) in Norway and SEK 742 M (25) in Finland.

4 Auditing expenses

	Group		Parent Company	
	2022	2021	2022	2021
PwC				
Audit assignment	14	11	3	2
Audit-related services other than the audit assignment	0	2	-	-
Tax consultancy	0	0	-	-
Other services	5	0	-	-
Total PwC¹⁾	19	13	3	2
Other auditors				
Audit assignment	1	0	-	-
Audit-related services other than the audit assignment	-	0	-	-
Tax consultancy	0	0	-	-
Other services	0	0	-	-
Total other	1	0	-	-
Total fees to auditors	20	14	3	2

1) Of the total fee to PwC for the Group of SEK 19 M (13), SEK 10 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 3 M (2), SEK 3 M (2) relates to fees invoiced by PwC Sweden.

5 Average number of employees, salaries, other remuneration and social security contributions

Average number of employees	2022		2021	
	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⁾	1,611	78	1,538	81
Denmark	1,144	88	1,125	88
Norway	1,051	83	1,014	84
Poland	1,547	79	1,472	81
Baltics	246	78	–	–
Finland	463	83	29	86
Total in subsidiaries	6,062	81	5,176	83
Group total	6,068	81	5,182	87
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	23,968	14,603 (5,450)	29,862	16,247 (5,648)
Subsidiaries	2,374,459	562,398 (219,946)	2,063,613	490,658 (177,826)
Group total	2,398,427	577,001 (225,396)	2,093,475	506,905 (183,474)
Salaries and other remuneration distributed between the President and Board members and other employees, SEK 000s				
	Board and President²⁾ (of which bonus, and the like)	Other employees (of which bonus, and the like)	Board and President²⁾ (of which bonus, and the like)	Other employees (of which bonus, and the like)
Parent Company				
MEKO AB	11,228 (1,381)	12,740 (690)	13,152 (4,359)	16,710 (5,839)
Total in Parent Company	11,228 (1,381)	12,740 (690)	13,152 (4,359)	16,710 (5,839)
Subsidiaries in Sweden				
	24,084 (1,599)	671,239 (11,597)	20,604 (2,946)	659,831 (3,471)
Subsidiaries abroad				
Denmark	10,773 (2,677)	730,268 (10,358)	4,168 (1,226)	663,451 (8,049)
Norway	10,042 (1,411)	579,422 (5,699)	15,458 (1,969)	512,177 (10,963)
Poland	3,524 (-229)	204,645 (0)	3,337 (1,385)	170,944 (1,289)
Baltics	1,297 (11)	28,661 (43)	0 (0)	0 (0)
Finland	2,200 (0)	108,304 (0)	0 (0)	13,643 (0)
Total in subsidiaries	51,920 (5,469)	2,322,539 (27,697)	43,567 (7,526)	2,020,046 (23,772)
Group total	63,148 (6,850)	2,335,279 (28,387)	56,719 (11,885)	2,036,756 (29,611)

1) The comparative figure for Sweden has been restated and is now expressed as an employment rate versus actual working hours as before.

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 3,430,000 (3,035,000) was determined in accordance with the resolution of the 2022 Annual General Meeting. Of this, SEK 750,000 (650,000) represents fees to the Chairman of the Board, SEK 480,000 (420,000) to the Executive Vice Chairman, and SEK 350,000 (315,000) to each of the remaining Board members. For members of the Board's Audit Committee, SEK 150,000 (125,000) is paid to the Chairman of the Audit Committee and SEK 60,000 (55,000) is paid to each of the other members of the Audit Committee. For members of the Board's Remuneration Committee, SEK 60,000 (50,000) is paid to the Chairman of the Remuneration Committee and SEK 30,000 (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 494,000 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 of Directors may temporarily deviate from these guidelines, in part or in whole, if there are special reasons for doing so in an individual case, and deviation is necessary to

safeguard the company's long-term interests, including sustainability, or to ensure its financial viability. The President is included in LTIP 2019, LTIP 2020, LTIP 2021 and LTIP 2022, which was approved at the respective Annual General Meetings. 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 2022 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

5 Average number of employees, salaries, other remuneration and social security contributions, cont.

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 of Directors may temporarily deviate from these guidelines, in part or in whole, if there are special reasons for doing so in an individual case, and deviation is necessary to safeguard the company's long-term interests, including sustainability, or to ensure its financial 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 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 2022 Annual General Meeting also resolved to establish a long-term incentive programme (LTIP 2022), in accordance with the Board's proposal. LTIP 2019, LTIP 2020 and LTIP 2021 were already in place. The primary motives for establishing LTIP 2019, LTIP 2020, LTIP 2021 and LTIP 2022 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 MEKO.

To participate in LTIP 2019, LTIP 2020, LTIP 2021 and LTIP 2022, the participant must make his or her own investment in shares in MEKO ("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

The programme for LTIP 2019 expired during the year. Allocation of shares was done in accordance with the programme. 1 share was allocated in Class A and 0 shares were allocated in Class B. A total of 14,007 shares were allocated to the Group Management Team and certain key individuals. To secure this allocation, MEKO had repurchased shares and held 93,250 treasury shares before the allocation. After the allocation, MEKO has 79,243 treasury shares.

The total cost for the year is SEK 0.1 M including social security contributions and the cost for the entire programme amounts to SEK 1.2 M.

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 MEKO's interim report for the period 1 January–31 March 2023. In accordance with the terms, the Group Management Team for MEKO and certain other key individuals in the Group, 27 people in total, acquired or already held 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. For the programme, the cost is recognised based on the fair value per share award at the allocation date, amounting to SEK 94.90 and the estimated number of shares that will be vested. As the likelihood of allocation in Class B decreased substantially compared with the previous year, the profit for the year was positively impacted by SEK 6.4 M as a result of a dissolution of previously reserved costs attributable to the programme (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 MEKO's interim report for the period 1 January–31 March 2024. In accordance with the terms, the Group Management Team for MEKO 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. For the programme, the cost is recognised based on the fair value per share award at the allocation date, amounting to SEK 152.90 and the estimated number of shares that will be vested. As the likelihood of allocation in Class B decreased substantially compared with the previous year, the profit for the year was positively impacted by SEK 4.4 M as a result of a dissolution of previously reserved costs attributable to the programme (including social security contributions).

LTIP 2022

Allocation for LTIP 2022 of Class A depends on the total return on the company's shares (TSR), which is measured in the first quarter of 2022 against the first quarter of 2025. 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 2024. 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 2022 began on the allocation date, which was in June 2022 and expires in connection with publication of the interim report for the period 1 January–31 March 2025.

Any allocation of shares normally takes place within two weeks after publication of MEKO's interim report for the period 1 January–31 March 2025. In accordance with the terms, the Group Management Team for MEKO and certain other key individuals in the Group, 37 people in total, acquired or already held 64,750 shares. To ensure delivery of shares according to LTIP 2022, the company entered an agreement on a share swap comprising SEK 22 M. For the programme, the cost is recognised based on the fair value per share award at the allocation date, amounting to SEK 111.0 and the estimated number of shares that will be vested. The total cost for the year amounts to SEK 2.6 M, including social security contributions.

There are no other ongoing share-based incentive programmes.

5 Average number of employees, salaries, other remuneration and social security contributions, cont.

Executives/category, SEK 000s	Basic salary ¹⁾		Bonus		Long-term incentive programmes (LTIP) ²⁾		Board fees ³⁾		Other benefits		Pension premiums	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Robert M. Hanser, Chairman of the Board							840	730				
Helena Skåntorp, Executive Vice Chairman							630	545				
Eivor Andersson, Board member							410	365				
Kenny Bräck, Board member							350	315				
Joseph M. Holsten, Board member							410	370				
Magnus Håkansson, Board member							410	370				
Michael Løve, Board member							380	340				
Pehr Oscarson, President and CEO	6,417	5,758	2,350	3,421	-969	938			8	89	1,739	1,888
Other senior executives, 5 (5) ⁴⁾	12,050	10,871	3,369	3,137	-2,679	2,702			237	406	3,711	3,762
Total	18,467	16,629	5,719	6,558	-3,648	3,640	3,430	3,035	245	495	5,450	5,650

1) Basic salary in this table includes holiday bonus.

2) Refers to the cost for the President and CEO and other senior executives with regard to the long-term share-based incentive programmes (LTIP). For the 2022 financial year, the result was positively impacted as a result of the dissolution of previously reserved costs attributable to the programmes; see further information above.

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 2022, including 3 (3) women. The Group Management Team consists of the President and CEO, the CFO, the Director of Communication, Marketing and HR, the Director of Legal Affairs & Sustainability and the Director of Business Development & Strategy.

A closer presentation of the Board and the Group Management Team and its changes during the year is presented on pages 52–53.

6 Depreciation/amortisation and impairment of tangible and intangible fixed assets

	Group		Parent Company	
	2022	2021	2022	2021
Depreciation of tangible fixed assets according to plan	-135	-107	-	0
Amortisation according to plan of right-of-use assets	-526	-473	-	-
Impairment of right-of-use assets ¹⁾	-15	-2	-	-
Total depreciation and impairment of tangible fixed assets	-675	-582	-	0
Amortisation, brands	0	0	-	-
Amortisation, customer relationships	-132	-166	-	-
Amortisation, franchise contracts	-	-1	-	-
Amortisation, capitalised expenditure for IT systems	-65	-56	-	-
Total amortisation and impairment of intangible fixed assets	-197	-223	-	-
Total	-872	-805	-	0

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

7 Result from participations in Group companies

	Parent Company	
	2022	2021
Dividends	566	530
Impairment ¹⁾	-331	-
Total	234	530

1) Refers to impairment of shareholders' contributions paid to Mekonomen Oy during the year.

8 Appropriations

	Parent Company	
	2022	2021
Group contributions received	239	244
Group contributions paid	-86	-18
Changes in excess depreciation/amortisation	0	0
Changes in tax allocation reserve	17	24
Total	170	250

9 Exchange-rate differences – net

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

	Group		Parent Company	
	2022	2021	2022	2021
Exchange-rate differences in EBIT	-16	10	0	0
Exchange-rate differences in net financial items	-29	-8	-70	-70
Total	-45	3	-70	-70

10 Tax on profit for the year

	Group		Parent Company	
	2022	2021	2022	2021
Current tax				
Sweden	-36	-46	-11	-23
Other countries	-145	-163	-	-
Total current tax	-181	-209	-11	-23
Changes in deferred tax, temporary differences	76	36	12	6
Recognised tax expenses	-104	-172	0	-17
Tax on profit for the year				
Recognised profit before tax	581	759	226	607
Tax according to applicable tax rate	-123	-164	-47	-125
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 ¹⁾	-17	-7	-69	-1
Other non-taxable revenue	0	1	117	109
Effects on adjustments from preceding year	0	7	0	-
Effects of non-capitalised loss carry-forwards	-6	-9	-	-
Effects of the utilisation of earlier years' loss carry-forwards that have not been capitalised	9	-	-	-
Effects of capitalised loss carry-forwards attributable to profit for earlier years ²⁾	34	-	-	-
Recognised tax expenses	-104	-172	0	-17

1) For the Parent Company, refers mainly to the effect of impairment of shareholders' contributions paid to Mekonomen Oy during the year.

2) For the Group, refers to the capitalisation of historical loss carry-forwards in Mekonomen Oy.

The weighted average tax rate amounted to 21.25 per cent (21.60).

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 wither 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 MEKO'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 summarises the main methods and assumptions used to determine the fair value of the financial instruments shown in the table below.

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. 2022	31 Dec. 2021
Financial assets		
Interest-rate swaps	27	3
Currency hedge	6	-
Total	33	3
Financial liabilities		
Cross-currency interest-rate swaps	29	14
Interest-rate swaps	-	3
Total	29	17

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

11 Supplemental disclosures, financial risk management, cont.

Financial assets and liabilities by measurement category, 31 Dec. 2022 ¹⁾	Instruments measured at fair value through profit or loss	Financial assets – amortised cost	Financial liabilities – amortised cost	Total carrying amount	Fair value	Non-financial assets and liabilities	Total Balance sheet
Financial assets							
Financial fixed assets	–	81	–	81	81	27	108
Derivatives, long term ⁵⁾	27	–	–	27	27	–	27
Derivatives, short term ⁵⁾	6	–	–	6	6	–	6
Accounts receivable	–	1,278	–	1,278	1,278	–	1,278
Other current receivables	–	–	–	–	–	910	910
Cash and cash equivalents	–	741	–	741	741	–	741
Total	33	2,101	–	2,134		937	3,072
Financial liabilities							
Bond loans	–	–	1,243	1,243	1,197	–	1,243
Long-term liabilities, interest-bearing ²⁾³⁾	–	–	3,100	3,100	3,100	–	3,100
Long-term lease liabilities ⁴⁾	–	–	1,020	1,020	–	–	1,020
Long-term liabilities, non-interest-bearing	–	–	–	–	–	16	16
Derivatives ⁵⁾	29	–	–	29	29	–	29
Supplementary purchase considerations, long-term	3	–	–	3	3	–	3
Current liabilities, interest-bearing ⁶⁾	–	–	–	–	–	–	–
Current lease liabilities ⁴⁾	–	–	520	520	–	–	520
Accounts payable	–	–	2,192	2,192	2,192	–	2,192
Supplementary purchase considerations, current	3	–	–	3	3	–	3
Other current liabilities	–	–	–	–	–	1,222	1,222
Total	35	–	8,074	8,108		1,238	9,346

Financial assets and liabilities by measurement category, 31 Dec. 2021 ¹⁾	Instruments measured at fair value through profit or loss	Financial assets – amortised cost	Financial liabilities – amortised 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
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

1) The carrying amount of the Group's non-market-listed long-term financial instruments measured at amortised 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 amortised cost essentially corresponds to its fair value as the discount effect is not material.

2) This amount includes liabilities related to the SEK 42 M (20) share swap.

3) The carrying amount of the Group's long-term liabilities measured at amortised cost essentially corresponds to its fair value as the interest is on a par with current market interest rates.

4) Lease liabilities are recognised at amortised 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 amortised cost essentially corresponds to its fair value as the discount effect is not material.

11 Supplemental disclosures, financial risk management, cont.

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

Nominal amount	31 Dec. 2022					Total
	2023	2024	2025	2026	2027 and later	
Bond loans	74	76	71	1267	–	1,488
Liabilities to credit institutions, bank borrowing	161	163	3,162	–	–	3,486
Liabilities to leasing companies	549	410	254	155	261	1,629
Overdraft facilities	1	–	–	–	–	1
Derivatives	–14	–21	–9	6	–2	–40
Share swap	18	2	23	–	–	42
Supplementary purchase considerations	3	3	–	–	–	6
Accounts payable	2,192	–	–	–	–	2,192
Total	2,984	633	3,501	1,428	259	8,804

Nominal amount	31 Dec. 2021					Total
	2022	2023	2024	2025	2026 and later	
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

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

	2023 – Q1	2023 – Q2	2023 – Q3	2023 – Q4	2024	2025 and later	Total
Interest-rate swaps and cross-currency interest-rate swap	2	–5	–6	–6	–40	26	–28
Total	2	–5	–6	–6	–40	26	–28

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.

12 Intangible fixed assets

	Goodwill		Brands		Franchise contracts		Customer relations		Capitalised expenditure for IT systems		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Opening accumulated cost, 1 January	3,761	3,679	857	844	42	42	1,677	1,661	454	364	6,793	6,592
Acquisitions	-	-	-	-	-	-	-	-	71	78	71	78
Acquisitions in connection with acquired operation	206	16	118	-	-	-	65	5	41	9	430	30
Reclassification	-	-	-	-	-	-	-	-	1	6	1	6
Divestments/disposals	-7	-3	-	-	-	-	0	0	-	-5	-7	-8
Translation difference, currency	175	69	52	13	0	0	41	11	9	1	277	94
Closing accumulated cost, 31 December	4,135	3,761	1,027	857	42	42	1,783	1,677	576	454	7,566	6,793
Opening acc. depreciation and impairment, 1 January	-	-	-4	-4	-42	-41	-1,081	-917	-270	-218	-1,399	-1,182
Divestments/disposals	-	-	-	-	-	-	0	0	-	3	0	4
Depreciation/amortisation in connection with acquired operation	-	-	-	-	-	-	-	-	-37	-	-37	-
Depreciation for the year	-	-	0	0	-	-1	-132	-166	-65	-56	-197	-223
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-	-
Translation difference, currency	-	-	-	-	-	0	0	2	-4	0	-1	2
Closing accumulated depreciation and impairment, 31 December	-	-	-4	-4	-42	-42	-1,210	-1,081	-376	-270	-1,634	-1,399
Closing carrying amount, 31 December	4,135	3,761	1,023	853	-	0	574	596	200	184	5,933	5,394

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

Carrying amount for operating segment at	Goodwill		Brands		Customer relations		Capitalised expenditure for IT systems		Total Group	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Denmark	1,866	1,715	545	501	467	505	77	55	2,955	2,775
Finland	106	0	99	-	38	-	9	0	252	-
Poland/the Baltics	92	26	53	27	25	13	13	10	183	77
Sweden/Norway	1,612	1,589	270	270	44	78	79	108	2,005	2,046
Sørensen og Balchen (Norway)	460	430	56	55	0	-	-	-	516	485
Central functions	-	-	-	-	-	-	23	11	23	11
Total	4,135	3,761	1,023	853	574	596	200	184	5,933	5,394

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, FTZ and Inter-Team in 2018 and Koivunen in 2022.

Other brands are amortised and their carrying amount at year-end was SEK 0 M (0). A summary of goodwill and brands with indefinite useful period at operating segment level is provided in the table below.

Operating segments	Goodwill 2022					Brands (indefinite useful life) 2022					
	1 Jan. 2022	Acquisitions	Impairment	Divestments	Translation difference, currency	31 Dec. 2022	1 Jan. 2022	Acquisitions	Impairment	Translation difference, currency	31 Dec. 2022
Denmark	1,715	-	-	-	151	1,866	500	-	-	45	545
Finland	-	102	-	-	4	106	-	95	-	3	99
Poland/the Baltics	26	62	-	-	4	92	27	23	-	3	53
Sweden/Norway	1,590	26	-	-7	3	1,612	270	-	-	-	270
Sørensen og Balchen (Norway)	431	16	-	-	13	460	55	-	-	2	56
Total	3,761	206	-	-7	175	4,135	853	118	-	52	1,023

12 Intangible fixed assets, cont.

Operating segments	Goodwill 2021					Brands (indefinite useful life) 2021					
	1 Jan. 2021	Acquisitions	Impairment	Divestments	Translation difference, currency	31 Dec. 2021	1 January 2021	Acquisitions	Impairment	Translation difference, currency	31 Dec. 2021
Denmark	1,679	3	–	–	32	1,715	491	–	–	10	501
Finland	–	–	–	–	–	–	–	–	–	–	–
Poland/the Baltics	26	–	–	–	0	26	27	–	–	0	27
Sweden/Norway	1,574	12	–	–3	7	1,589	270	–	–	–	270
Sørensen og Balchen (Norway)	400	1	–	–	30	430	51	–	–	4	55
Total	3,679	16	–	–3	70	3,761	839	–	–	13	853

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 EBITDA margin, based on the budget that was adopted in December for 2023, forecasts for the next four years,

managements' long-term expectations of the operation, and historic trends. The long-term 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, EBITDA 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 2022 and 2021, respectively, are summarised as follows:

	31 Dec. 2022					31 Dec. 2021				
	Denmark	Finland	Poland/the Baltics	Sweden/Norway	Sørensen og Balchen (Norway)	Denmark	Finland	Poland/the Baltics	Sweden/Norway	Sørensen og Balchen (Norway)
Discount rate (WACC) before tax	9.8%	10.3%	15.5%	9.9%	11.0%	8.1%	–	11.2%	8.8%	9.6%
Discount rate (WACC) after tax	7.9%	8.6%	12.9%	8.1%	8.9%	6.7%	–	9.5%	7.2%	7.8%
Growth rate beyond the forecast period	2.0%	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	3.0%	4.7%	8.2%	3.0%	3.0%	2.0%	–	7.0%	2.0%	2.0%
Total cost trend years 2-5 of the forecast period	3.0%	3.0%	7.0%	3.0%	3.0%	2.0%	–	7.0%	2.0%	2.0%
EBIT	265	22	164	383	160	352	–	102	447	185

Sensitivity analysis

For all CGUs, an increase in the discount rate by one percentage point, a reduction in the assumed long-term growth rate by one percentage point or a decrease in the EBITDA margin by one percentage point would not individually result in any impairment requirement. Based on historical outcome and management's estimates of the future, MEKO 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 2022.

13 Improvement costs, third-party property

	Group	
	2022	2021
Opening accumulated cost, 1 January	106	105
Purchases, rebuilding and extensions	7	3
Sales/disposals	–3	–2
Translation difference, currency	3	0
Closing accumulated cost, 31 December	113	106
Opening accumulated depreciation, 1 January	–87	–82
Sales/disposals	3	2
Depreciation for the year	–6	–7
Translation difference, currency	–3	0
Closing accumulated depreciation, 31 December	–93	–87
Closing carrying amount, 31 December	20	19

14 Tangible fixed assets

Group	Land and buildings		Equipment and transport		Construction in progress		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Opening accumulated cost, 1 January	46	42	949	864	2	9	997	914
Purchasing	9	2	93	86	28	4	130	93
Increase through business combinations	908	0	217	1	–	–	1,125	2
Reclassification	–	–	22	4	–23	–10	–1	–6
Sales/disposals	–2	–1	–42	–15	–	–	–44	–16
Translation difference, currency	49	2	35	9	1	–	85	11
Closing accumulated cost, 31 December	1,010	46	1,274	949	8	2	2,292	997
Opening acc. depreciation and impairment, 1 January	–5	3	–576	–492	–	–	–580	–488
Depreciation/amortisation in connection with acquisitions	–334	–	–178	–	–	–	–512	–
Sales/disposals	1	1	33	14	–	–	34	14
Reclassification	–	–	–	–	–	–	–	–
Depreciation for the year	–23	–6	–107	–94	–	–	–130	–100
Translation difference, currency	–23	–2	–25	–4	–	–	–48	–6
Closing acc. depreciation and impairment, 31 December	–384	–5	–853	–576	–	–	–1,236	–580
Closing carrying amount, 31 December	626	42	421	374	8	2	1,056	417

15 Leases

Information on leases where the Group is the lessee

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

Right-of-use assets	31 Dec. 2022	31 Dec. 2021
Buildings	1,366	1,516
Means of transport	146	131
Other	13	4
Total	1,526	1,651
Lease liabilities		
Long-term	1,020	1,181
Current	520	467
Total	1,540	1,648

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

Additional right-of-uses in 2022 amounted to SEK 332 M (508). In addition to this, right-of-uses amounting to SEK 66 M (0) arose through business combinations.

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

	2022	2021
Amortisation of right-of-use assets	–526	–473
of which buildings	–445	–402
of which means of transport	–77	–67
of which other	–4	–3
Impairment of right-of-use assets ¹⁾	–15	–2
of which buildings	–15	–2
Interest expenses (included in financial expenses)	–41	–39
Expenses attributable to short-term leases (included in other external expenses)	–8	–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)	–3	–23
Expenses attributable to variable leasing payments that are not included in lease liabilities (included in other external expenses)	–9	–15

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

Total cash outflow for leases in 2022 was SEK 591 M (557).

15 Leases, cont.

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 realise any decrease in the residual value at the end of these leases.

Information about leasing income	2022	2021
Leasing income, operating leases	73	57

Future minimum lease charges that will be received	31 Dec. 2022	31 Dec. 2021
Within 1 year	113	55
Between 1-2 years	99	52
Between 2-3 years	82	44
Between 3-4 years	72	38
Between 4-5 years	68	32
More than 5 years	60	25

Operational lease agreements

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 recognised in the Parent Company balance sheet. The Parent Company's operating leases primarily comprise leased premises.

Information about leasing expenses, operational leasing	Parent Company	
	2022	2021
Premises rent	0	1
Leasing expenses, other	0	0
Total	0	1

Future leasing fees for irrevocable lease agreements falling due for payment:	Parent Company	
	31 Dec. 2022	31 Dec. 2021
Within 1 year	1	1
Between 1-5 years	1	1
More than 5 years	-	-
	2	2

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

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.

Deferred tax assets (+) / tax liabilities (-)	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Capitalised loss carry-forwards	43	5	-	-
Temporary differences on inter-company profits	55	42	-	-
Temporary differences, inventory obsolescence	31	24	-	-
Temporary differences, other	90	73	30	19
Less netting	-200	-141	-	-
Total deferred tax assets	19	3	30	19
Untaxed reserves	-79	-82	-	-
Surplus value in intangible fixed assets (through acquisition)	-451	-352	-	-
Temporary differences, other ¹⁾	-171	-64	-	-
Less netting	200	141	-	-
Total deferred tax liabilities	-501	-357	-	-
Total (net)	-482	-354	30	19

1) Of which SEK 92 M (-) pertains to deferred tax liabilities attributable to untaxed earnings in the Baltic operations.

Gross change in deferred tax assets/tax liabilities	Group		Parent Company	
	2022	2021	2022	2021
Opening balance	-354	-387	19	13
Translation difference, currency	-27	-1	-	-
Acquisition of subsidiaries	-173	-3	-	-
Recognition in income statement	76	36	11	6
Tax recognised in comprehensive income	-4	1	-	-
At year-end	-482	-354	30	19

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 913 M (892) in the Group. For deficits amounting to SEK 297 M (265), there is a time limit of up to 10 years. Regarding these loss carry-forwards, there is a deferred tax asset amounting to SEK 34 M (-). This year's change of SEK 34 M pertains to the capitalisation of historic loss carry-forwards in Mekonomen Oy. All other deficits run without limit in time. Deferred tax assets for tax loss carry-forwards in the Group total SEK 43 M (5) at the balance sheet date. Deferred tax assets on the remaining deficit were not assigned a value in the balance sheet.

17 Other financial assets

	Group	
	31 Dec. 2022	31 Dec. 2021
Hire-purchase contracts	78	62
Other	30	6
Total	109	68
	Group	
	31 Dec. 2022	31 Dec. 2021
Hire-purchase contracts		
Hire-purchase contracts	81	64
Credit loss reserve ¹⁾	-3	-2
Total	78	62

	Group	
	2022	2021
Credit loss reserve, hire-purchase contracts¹⁾		
Credit loss reserve at beginning of year	-2	-2
Change in net credit loss reserve for the year	-1	0
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	-3	-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).

18 Inventories

	Group	
	31 Dec. 2022	31 Dec. 2021
Goods for resale	4,147	3,021
Total	4,147	3,021

The cost of inventories expensed is included in the item goods for resale in the income statement and amounted to SEK 7,745 M (6,709). Provisions for obsolescence are induced in the value of inventories. In addition to normal obsolescence reserves, no material impairments were made during 2022 (-).

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

19 Current receivables

	Group	
	31 Dec. 2022	31 Dec. 2021
Accounts receivable	1,278	974
Tax assets	59	39
Other receivables	115	58
Prepaid expenses and accrued income	742	667
Total	2,195	1,738
	Group	
	31 Dec. 2022	31 Dec. 2021
Accounts receivable		
Accounts receivable	1,337	1,017
Credit loss reserve	-59	-43
Total	1,278	974

MEKO 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.

	Group	
	2022	2021
Credit loss reserve		
Credit loss reserve at beginning of year	-43	-51
Incurred through acquisitions	-1	-
Change in net credit loss reserve for the year	-23	-10
Change in provision, net in balance sheet	8	18
Reclassification to long-term receivables	0	0
Translation difference, currency	0	0
Credit loss reserve at year-end	-59	-43

Accounts receivable on 31 December 2022	Not overdue	Overdue up to 30 days	Overdue up to 60 days	Overdue more than 60 days	Total
Carrying amounts, accounts receivable, net	1,118	116	39	6	1,278
Total	1,118	116	39	6	1,278

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

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 9 M (8).

20 Prepaid expenses and accrued income

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Prepaid insurance	11	11	–	0
Accrued supplier bonus	608	532	–	–
Other interim receivables	123	124	2	1
Total	742	667	2	1

21 Cash and cash equivalents

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Cash and bank balances	741	892	391	425
Total	741	892	391	425

22 Borrowing

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Long-term				
Bond loans	1,243	1,243	1,243	1,243
Liabilities to credit institutions, bank borrowing	3,056	1,715	3,056	1,713
Lease liabilities	1,020	1,181	–	–
Derivatives, interest-rate swaps and cross-currency interest-rate swaps	29	17	29	14
Share swap	42	20	42	20
Total long-term liabilities	5,390	4,176	4,370	2,991
Current				
Liabilities to credit institutions, bank borrowing	–	197	–	197
Lease liabilities	520	467	–	–
Total current liabilities	520	664	–	197
Total borrowing	5,910	4,840	4,370	3,188
Overdraft facility limit	320	320	320	320
of which, unutilised portion	320	320	320	320

During the year, MEKO raised a new Term loan of SEK 1,965 M. In connection with this, the Term A loan in EUR was repaid in its entirety. The Group also expanded RCF from SEK 800 M to SEK 1,300 M. When Koivunen Oy was acquired in July, the choice was made to use SEK 1,100 M of the RCF. This means that the Group's long-term loans consist of a new Term loan in SEK of SEK 1,965 M, the used portion of the RCF of SEK 1,100 M and a bond of SEK 1,250 M. The long-term Term loan in SEK runs until 2025 with the possibility of being extended for 1+1 years. The Term loan has no repayments during the term, but is repaid in full at maturity. The bond matures in its entirety in 2026. The RCF runs until 2025, with the possibility of extending it another year until 2026. The Group also has a currency interest swap in NOK to hedge the Group's net investments in NOK. The cross-currency interest-rate swap runs until 2026. The currency translation of the cross-currency interest-rate swap is recognised in other comprehensive income. In addition to this, the Group has an overdraft credit of SEK 320 M (320), of which SEK – (–) is used as at 31 December 2022.

MEKO holds interest-rate swaps to reduce the risk in the Group's cash flow as a result of changed market interest rates. They consist of three swaps in SEK of 500 M each that run to 2024, 2025 and 2027, respectively. Those with maturity in 2025 and 2027 were entered into during the year. The previous EUR swap was terminated early in connection with the repayment of EUR 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 2.75 per cent.

MEKO's borrowing from banks is subject to certain conditions, known as covenants, all of which MEKO 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 related to borrowing amounted to SEK 112 M (76), excluding interest expenses attributable to leases recognised in accordance with IFRS 16. For further information on leases with associated interest expenses, see Note 15. 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.

23 Provisions

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Provision for pensions	1	1	–	–
Provisions for supplementary purchase considerations	6	8	–	–
Provisions for warranties	11	15	–	–
Provisions for returns	36	24	–	–
Other provisions	6	4	4	4
Total	60	52	4	4

Change in 2022, Group	Provisions for returns and other		Provisions for supplementary purchase considerations	
Carrying amount at the beginning of the year		43		8
– New provisions		12		1
– Reversed provisions		–13		–1
Amounts utilised during the period		–1		–2
Increase through business combinations		10		–
Currency effects		2		0
Carrying amount at year-end		53		6

Provisions comprise:

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Long-term portion	21	25	4	4
Short-term portion	39	27	–	–
Total	60	52	4	4

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 recognise its proportional share of the plan's obligations, plan assets and costs, which means that it was not possible to recognise this as a defined-benefit plan. ITP 2 pension plans that are secured through insurance with Alecta are therefore recognised as defined-contribution plans. The anticipated fees for the next reporting period for ITP 2 policies signed with Alecta amounts to SEK 12 M (14).

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 2022 (2021: 172 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 (three) defined-benefit pension plans which jointly include 33 (36) gainfully employed individuals and 42 (40) 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 recognised in the balance sheet have been calculated as follows:

	Group	
	31 Dec. 2022	31 Dec. 2021
Present value of funded commitments	46	43
Fair value of plan assets	–51	–45
Deficit in funded plans	–5	–2
Present value in unfunded commitments	–	–
Net debt (+)/Net assets (–) on the balance sheet¹⁾	–5	–2

1) Of which SEK 6 M (4) in net assets are recognised among other financial fixed assets on the consolidated balance sheet.

	Group	
	2022	2021
Present value of commitments		
Opening balance	43	50
Gross pension cost for the year	1	1
Interest expenses	1	1
Pension payment	–2	–2
Actuarial gains and losses ¹⁾	1	2
Closing of contracts	–	–12
Exchange-rate differences	1	3
Closing balance	46	43

	Group	
	2022	2021
Fair value of plan assets		
Opening balance	44	51
Expected return	1	1
Payments	2	2
Pension payment	–2	–2
Actuarial gains and losses ¹⁾	4	–2
Closing of contracts	–	–9
Exchange-rate differences	1	3
Closing balance	51	44
Net pension commitments	–5	–2

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

	Group	
	2022	2021
Costs recognised in profit or loss		
Pension vesting for the year including contributions	2	2
Administration fees	0	0
Interest expenses	0	0
Total	2	2

23 Provisions, cont.

Composition of plan assets	Group	
	31 Dec. 2022	31 Dec. 2021
Equities	11%	10%
Bonds	74%	77%
Property	14%	12%
Other	1%	0%
Total	100%	100%

Actuarial assumptions	Group	
	31 Dec. 2022	31 Dec. 2021
Discount rate	3.20 %	1.50%
Future salary increases	3.75 %	2.00%
Future pension increases	1.70 %	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 2023 financial year are expected to amount to SEK 2 M (2).

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.

24 Other current liabilities

	Group	
	31 Dec. 2022	31 Dec. 2021
Accounts payable	2,192	1,684
Other current liabilities ¹⁾	287	227
Accrued expenses and deferred income	828	704
Total	3,307	2,615

1) The amount at 31 December 2022 included around SEK 20 M (98) concerning the postponement of VAT and tax payments as a result of COVID-19, and these will be repaid during the first quarter of 2023.

25 Accrued expenses and deferred income

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Accrued personnel-related costs	426	349	17	18
Accrued bonuses/contract fees	185	126	–	–
Accrued interest expenses	31	1	31	1
Prepaid rental income	0	0	–	–
Other interim liabilities	185	228	2	2
Total	828	704	50	21

26 Pledged assets, contingent liabilities and commitments

	Group		Parent Company	
	31 Dec. 2022	31 Dec. 2021	31 Dec. 2022	31 Dec. 2021
Pledged assets	–	–	–	–
Contingent liabilities				
Guarantees on behalf of subsidiaries	–	–	513	452
Other sureties	23	14	–	–
Total	23	14	513	452

27 Participations in Group companies

	Parent Company	
	2022	2021
Opening cost	8,511	8,510
Capital contributions paid ¹⁾	331	1
Acquisitions during the year	1,456	0
Closing accumulated cost	10,298	8,511
Opening impairment	-565	-565
Impairment ¹⁾	-331	-
Closing accumulated impairment	-896	-565
Closing residual value	9,402	7,946

1) Impairment losses and capital contributions paid in 2022 refer to Mekonomen Oy.

Participations in Group companies	Corporate identity number	Share of equity, %	Number of branches	Book value, 31 December 2022	Book value, 31 December 2021
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					
Koivunen Oy /Helsingfors	0110111-0	100	14	1,456	-
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. /Warszawa	5,240,301,927	100	84	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	2
MEKO Services AB /Stockholm	556840-9428	100	-	0	0
Mekonomen Company AB /Stockholm	556724-9254	100	-	35	35
Mekonomen Detaljist AB /Stockholm	556157-7288	100	76	146	146
Speedy Autoservice AB /Malmö	556575-9858	100	-	31	31
Participations in Group companies, total			256	9,402	7,946

27 Participations in Group companies, cont.

Indirect participations in subsidiaries Name of company/registered office	Corporate identity number	Share of equity, %	Number of branches	Indirect participations in subsidiaries Name of company/registered office	Corporate identity number	Share of equity, %	Number of branches
BALTICS				Mekonomen Billivet Gävle AB /Stockholm	556864-3448	100	–
Balti Autoosad AS /Rae vald	10279055	80	10	Mekonomen Billivet Hedemora AB /Stockholm	559112-6460	100	–
Fixus Lasnamäe OÜ /Tallinn	12162481	60	–	Mekonomen Billivet Helsingborg AB /Stockholm	559086-6744	100	–
Fixus Mustamäe OÜ /Tallinn	11474942	80	1	Mekonomen Billivet Härnösand AB /Stockholm	559149-9313	100	–
Koiko Kinnisvara OÜ /Tallinn	10361162	74.3	–	Mekonomen Billivet Infra City AB /Stockholm	556864-3471	100	–
Laoekspert OÜ /Tallinn	10841723	64	1	Mekonomen Billivet Johanneshov AB /Stockholm	556882-0780	100	–
Baltic Auto Parts SIA /Riga	40003385421	72	6	Mekonomen Billivet Karlshamn AB /Stockholm	559118-0608	100	–
Properties BAP /Riga	40003689407	80	–	Mekonomen Billivet Karlskrona AB /Stockholm	556882-0772	100	–
Baltic Auto Parts UAB /Vilnius	300019345	72	7	Mekonomen Billivet Karlstad AB /Stockholm	559149-9297	100	–
			25	Mekonomen Billivet Kiruna AB /Stockholm	559118-0616	100	–
DENMARK				Mekonomen Billivet Lidingö AB /Stockholm	559149-9289	100	–
Automester Danmark ApS /Odense	16 81 72 44	100	–	Mekonomen Billivet Ljungby AB /Stockholm	559118-0582	100	–
CarPeople Danmark Aps /Odense	41 96 45 45	100	–	Mekonomen Billivet Norrmark AB /Stockholm	559116-8694	100	–
Din Bilpartner ApS /Odense	32 14 21 09	100	–	Mekonomen Billivet Nybro AB /Stockholm	559149-9388	100	–
DriveClever A/S /Odense	32 08 15 76	100	–	Mekonomen Billivet Nödinge AB /Stockholm	559123-7432	100	–
FTZ Autodele & Værktøj P/F /Torshavn	51 29 23	70	2	Mekonomen Billivet Skellefteå AB /Stockholm	559118-0590	100	–
Vantage ApS /Birkerød	30 50 78 00	70	–	Mekonomen Billivet Strömstad AB /Stockholm	559123-7382	100	–
			2	Mekonomen Billivet Södertälje AB /Stockholm	556882-0939	100	–
FINLAND				Mekonomen Billivet Täby AB /Stockholm	556882-0962	100	–
KOY Jalometalli /Helsinki	0861509-3	100	–	Mekonomen Billivet Uddevalla AB /Stockholm	559164-2722	100	–
KOY Konalankaaret /Helsinki	2184891-6	100	–	Mekonomen Billivet Värnamo AB /Stockholm	559123-7705	100	–
KOY Teerikukonkuja /Helsinki	0881874-7	100	–	Mekonomen Billivet Växjö AB /Stockholm	559118-0574	100	–
Autovaraosa Fixus Oy /Helsinki	2173813-5	100	–	Mekonomen Billivet Åkersberga AB /Stockholm	556819-5019	100	–
Autovaraosa Fixus Espoo Oy /Espoo	1963369-2	80	–	Mekonomen Bollnäs AB /Bollnäs	556827-3675	91	1
Suomen Kuljetuslaite Oy /Helsinki	1636883-8	100	–	Mekonomen Charlottenberg AB /Stockholm	559337-3656	91	1
			0	Mekonomen E-handel AB /Stockholm	556882-0947	100	–
SWEDEN/NORWAY				Mekonomen Eklanda AB /Gothenburg	556887-1999	51	1
AlltiBil Västra Sverige AB /Gothenburg	556603-0747	100	–	Mekonomen Enköping AB /Enköping	556264-2636	91	1
Bilglascentralen AB /Gothenburg	556076-4598	100	–	Mekonomen Falkenberg AB /Falkenberg	556213-1622	100	–
BilXtra Sweden AB /Malmö	556509-7861	100	7	Mekonomen Fleet AB /Stockholm	556720-6031	100	–
J&B Maskinteknik AB /Gothenburg	556490-2996	100	–	Mekonomen Göteborg AB /Gothenburg	556887-2294	51	2
Meca Sweden AB /Malmö	556356-5612	100	54	Mekonomen Hedemora AB /Hedemora	556308-8011	100	–
MECA Verkstadsdrift AB /Malmö	559012-2478	100	–	Mekonomen Hässleholm AB /Hässleholm	556678-0622	91	1
Meko Service Småland AB /Stockholm	559115-9479	100	–	Mekonomen Järfälla AB /Järfälla	556580-2351	95	2
Meko Service Susannes Bilverkstad i Härlöv AB /Upplands-Väsby	556964-0641	100	–	Mekonomen Jönköping AB /Jönköping	556786-9457	91	–
Meko Service Södra AB /Stockholm	559086-6645	100	–	Mekonomen Karlskoga AB /Uppsala	556821-6062	91	1
Mekonomen Alingsås AB /Alingsås	556596-3690	95	1	Mekonomen Kramfors AB /Kramfors	556496-1810	91	1
Mekonomen Arvika AB /Stockholm	559337-3649	91	1	Mekonomen Kungsbacka AB /Kungsbacka	556887-2336	51	1
Mekonomen Billivet AB /Stockholm	556845-2196	100	–	Mekonomen Kungshamn AB /Sotenäs	559101-6257	80	1
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 Grimmed AB /Stockholm	559185-6983	91	–				
Mekonomen Billivet Gärdet AB /Upplands-Väsby	556821-6047	100	–				

27 Participations in Group companies, cont.

Indirect participations in subsidiaries Name of company/registered office	Corporate identity number	Share of equity, %	Number of branches
Mekonomen Ludvika AB /Ludvika	556470-4210	100	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	100	1
Mekonomen Örebro Bista AB /Örebro	556389-4095	100	1
Mekonomen Örkelljunga AB /Örkelljunga	559213-8316	75	1
Mekonomen Örnköldsvik AB /Örnköldsvik	556465-6287	51	1
Mekster AB /Stockholm	556917-2595	100	-
ProMeister Solutions AB /Malmö	559034-6929	100	-
ProMeister Verkstad AB /Stockholm	559149-9347	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	-
Speedy Bilservice Sölvesborg AB /Malmö	559366-1647	91	-
XOIL Sweden AB /Gothenburg	556835-3691	70	-
Meca Norway AS /Gjøvik	935,682,525	100	25
Mekonomen Company AS /Gjøvik	925,102,067	100	-
Mekonomen Company Bilverksted AS /Gjøvik	920,377,068	100	-
Motor Norge AS /Alta	945,481,668	100	1
Preqas AS /Oslo	816,479,932	100	-
ProMeister Solutions AS /Gjøvik	917,100,462	100	-
Tores Auto AS /Fyllingsdalen	924,467,711	75	-
Tores Auto Arna AS /Indre Arna	997,744,470	75	-
Tores Auto Dekkservice AS /Fyllingsdalen	919,387,335	75	-
Tores Auto Fyllingen AS /Fyllingsdalen	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 /Fyllingsdalen	915,680,275	75	-
Tores Auto Ågotnes AS /Ågotnes	899,515,692	75	-
Tores Auto Åsane AS /Nyborg	991,511,598	75	-

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Indirect participations in subsidiaries Name of company/registered office	Corporate identity number	Share of equity, %	Number of branches
SØRENSEN OG BALCHEN (NORWAY)			
Askim Bilrekvisita AS /Askim	885,049,702	100	2
AutoHiFi AS /Trondheim	962,020,828	100	-
Autoproducts AS /Tiller	995,080,125	50	1
Bilartikler AS /Fredrikstad	921,462,867	100	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	4
Rønneberg Auto Industri AS /Ålesund	981,015,150	100	6
Solveien Bil AS /Moss	950,565,039	100	-
Vest Bilutstyr AS /Kokstad	980,281,450	100	2

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OTHER SEGMENTS (NORWAY)

Lasingoo Norge AS /Trollåsen	914,835,585	100	-
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TOTAL NUMBER OF BRANCHES

438

Including the Parent Company, MEKO comprises a total of 153 companies, 438 proprietary branches and 90 proprietary workshops. Currently, 24 wholly owned companies run 384 branches and 31 partly owned companies run 54 branches. Furthermore, 32 wholly-owned companies run 74 car workshops and 15 partly-owned companies run 16 workshops.

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

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 59 and 63.

Share capital and number of shares

Total number of shares	Group	
	2022	2021
At 1 January	56,416,622	56,416,622
At 31 December	56,416,622	56,416,622

Treasury shares	Group	
	2022	2021
At 1 January	93,250	93,250
Allocated shares under long-term share-based incentive programmes (LTIP)	-14,007	-
At 31 December	79,243	93,250

Number of outstanding shares ¹⁾	Group	
	31 Dec. 2022	31 Dec. 2021
Total number of shares	56,416,622	56,416,622
Treasury shares	-79,243	-93,250
Shares hedged through share swaps	-544,000	-340,000
Total	55,793,379	55,983,372

1) There were no outstanding shareholders' equity instruments that could result in a dilution of the share capital as per 31 December 2022 and 31 December 2021, respectively.

Share capital, SEK	Group	
	2022	2021
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

Earnings per share attributable to Parent Company's shareholders	Group	
	31 Dec. 2022	31 Dec. 2021
Average number of shares ¹⁾	55,891,711	56,049,728
Profit for the year attributable to the Parent Company's shareholders, SEK M	454	572
Earnings per share, SEK	8.12	10.21

1) No dilution is applicable. For further information on data per share, refer to pages 34-35.

Other capital contributions

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

Other capital contributions	
Opening balance on 1 January 2021	2,993
Closing balance on 31 December 2021	2,993
Opening balance on 1 January 2022	2,993
Closing balance on 31 December 2022	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 table below:

Reserves	Translation differences	Hedges	Total
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 recognised directly against equity	14	-2	12
Closing balance on 31 December 2021	-315	-2	-317
Opening balance on 1 January 2022	-315	-2	-317
Exchange-rate differences on translation of foreign subsidiaries	444	-	444
Loan reduction against net investment ¹⁾	-102	-	-102
Cash-flow hedging ²⁾	-	28	28
Tax recognised directly against equity	14	-6	8
Closing balance on 31 December 2022	41	20	61

1) Loans raised in EUR in connection with acquisitions in Denmark hedge the currency risk in the net investments to the end of July 2022 and loans in NOK to the first part of the first quarter of 2021 and cross-currency interest-rate swaps entered in the first quarter of 2021 hedge the net investment in Norway and the currency translation is recognised 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 2021	1,809
Comprehensive income for the year:	
Profit 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
Opening balance on 1 January 2022	2,356
Comprehensive income for the year:	
Profit for the year	454
Actuarial gains and losses	2
Comprehensive income for the year	456
Dividends	-168
Share swap	-23
Share-savings programme	-6
Acquisition/divestment of non-controlling interests	-9
Closing balance on 31 December 2022	2,606

28 Total equity, cont.**Dividend to Parent Company's shareholders**

The Board of Directors proposes a dividend of SEK 3.30 per share (3.00), leading to a total dividend of SEK 185,913,351 (168,970,116).

Proposed appropriation of profit – Parent Company

The following profit is at the disposal of the Annual General Meeting, SEK 000s:

Profit brought forward	5,906,323
Profit for the year	226,158
Total	6,132,481

The Board of Directors proposes that profits be appropriated as follows:

Dividend to shareholders (SEK 3.30 per share) ¹⁾	185,913
To be carried forward ²⁾	5,946,567
Total	6,132,481

1) Of the amount paid, SEK 1,795,000 will be repaid to MEKO as a result of 544,000 hedged shares through share swaps.

2) The amount that is carried forward will increase by SEK 1,795,000 as a result of dividends that will be repaid for 544,000 hedged shares through share swaps.

29 Capital

MEKO manages its capital to ensure that the units in the Group are able to continue operating, while dividends to shareholders are maximised 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 59 and in 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. MEKO'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 MEKO's financial targets, see page 18-19 and for further information on the Group's key figures, see the section of the Five-year summary on page 100-102.

30 Supplemental disclosures on the cash flow statement

Adjustments for non-cash items in operating activities	Group		Parent Company	
	2022	2021	2022	2021
Depreciation/Amortisation	858	804	–	0
Impairment of right-of-use assets	15	2	–	–
Impairment of financial fixed assets	1	9	–	–
Impairment of shares in subsidiaries	–	–	331	–
Other provisions	–3	2	0	0
Capital gain/loss from divestment/disposal of fixed assets	–2	–1	–	–
Capital gain/loss from divestment of operations	–3	2	–	–
Exchange gains/losses	–14	2	50	63
Capitalised interest income	–	–	–17	–5
Capitalised interest expenses	26	–	26	–
Interest expense, IFRS 16	20	20	–	–
Period-allocated loan raising expenses	12	12	12	12
Other items not affecting liquidity	–7	8	9	14
Total	903	859	412	85

Change in liabilities with cash flows in financing activities, Group	Cash flow			Non-cash items					Closing balance, 31 December 2022
	Opening balance, 1 Jan 2022	Loans raised/repaid	Amortisation leasing ¹⁾	Increase of lease liabilities ¹⁾	Currency effect	Borrowing costs allocated to periods	Change in fair value	Other non-cash changes	
Bond loans	1,243	–	–	–	–	–	–	–	1,243
Liabilities to credit institutions	1,912	1,045	–	–	88	11	–	–	3,056
Lease liabilities	1,648	–	–550	400	41	–	–	–	1,539
Share swaps	20	–	–	–	–	–	–	22	42
Derivative interest-rate swaps and cross-currency interest-rate swaps	17	–	–	–	–	–	12	–	29
Total	4,840	1,045	–550	400	129	11	12	22	5,910

30 Supplemental disclosures on the cash flow statement, cont.

Change in liabilities with cash flows in financing activities, Group	Opening balance, 1 January 2021	Cash flow		Non-cash items					Closing balance, 31 December 2021
		Loans raised/repaid	Amortisation leasing ¹⁾	Increase of lease liabilities ¹⁾	Currency effect	Borrowing costs allocated to periods	Change in fair value	Other non-cash changes	
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 interest-rate swaps	12	–	–	–	–	–	5	–	17
Total	4,724	–14	–492	501	102	12	5	2	4,841

1) 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.

31 Effects of acquisitions implemented

Business combinations 2022

On 14 June 2022, MEKO entered an agreement to acquire all of the shares in the car part distributor Koivunen OY ("Koivunen") in Finland and the Baltics. The acquisition was completed on 1 July 2022. Payment for the shares was fully made in cash and the total purchase consideration amounted to EUR 131 M, translated at the rate on the transaction date to SEK 1,408 M. Distribution of the total purchase consideration is presented by the table below.

The acquisition of Koivunen fit well with MEKO's strategy of being part of the ongoing consolidation in Europe. The business is in line with MEKO's strategy of creating value through carefully selected acquisitions, as we previously did in Sweden, Norway, Denmark and Poland. Through the acquisition of Koivunen, MEKO strengthens its position in Finland and also establishes a strong position in the Baltics. Koivunen is a prosperous company with strong brands that will continue to develop within its existing brands in Finland in a common business area with MEKO's earlier operations in the country and in the Baltics in a common business area with MEKO's earlier operations in Poland.

Through the acquisition of Koivunen, MEKO's sales increase by around SEK 1,786 M. The acquisition is expected to generate annual synergies of SEK 40 M, of which the majority is comprised of purchasing synergies, with full effect in 2024. The Group is at the same time increasing the number of branches from around 450 to around 650 and the number of affiliated workshops from more than 4,000 to over 4,300.

Koivunen is included in MEKO's financial statements from the acquisition date 1 July 2022.

In addition to the acquisition of Koivunen, the Sweden/Norway business area acquired one store in Klippan in southern Sweden, the two workshops in Norway Automobilia in Raufoss and Jan Reime Bil, and the two workshops in Sweden Trondens Bilteknik Örsholmen AB and Your workshop Syd, as well as the oil distributor XOIL Sweden AB in Sweden. The business area Sørensen og Balchen (Norway) acquired one workshop, Solveien Bil AS, and the company AutoHiFi AS, which has operations in multimedia accessories for cars. The Group also acquired 20.5 per cent of Omnicar AB, which offers mobile car services and digital sales of electric cars in Denmark with planned establishment also in Sweden and Norway.

Besides Koivunen, which is reported separately below, 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 other acquisitions were paid in cash.

During the 2022 financial year, Koivunen affected the Group's net sales and operating profit according to the table below:

SEK M	Koivunen Finland	Koivunen Baltics	Total
Net sales, external	582	327	909
Operating profit/loss ¹⁾	46	26	72

1) Excluding acquisition costs of SEK 26 M and transaction tax of SEK 22 M and excluding amortisation according to plan of intangible and tangible assets identified in connection with the acquisition totalling SEK 11 M.

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

If the acquisition of Koivunen had been carried out on 1 January 2022, the impact during the 12-month period January–December 2022 on the Group's net sales and the impact on operating profit would have amounted to:

SEK M	Koivunen Finland	Koivunen Baltics	Total
Net sales, external	1,159	627	1,786
Operating profit/loss ¹⁾	66	41	107

1) Excluding acquisition costs of SEK 26 M and transaction tax of SEK 22 M and excluding amortisation according to plan of intangible and tangible assets identified in connection with the acquisition totalling SEK 22 M.

The total of other acquisitions would have had an immaterial impact on sales and earnings if they had been implemented at the beginning of the year.

Acquisition-related costs amount to SEK 48 M for the full-year period January–December 2022. The acquisition costs are essentially attributable to the acquisition of Koivunen. These costs are not included in the total purchase consideration in the table below, but rather have been reported as other costs in the consolidated income statement.

The acquisition analysis for acquired operations is presented below.

31 Effects of acquisitions implemented, cont.

Acquisitions in 2022	Koivunen Finland	Koivunen Baltics	Other acquisitions	Total acquisitions
Value of acquired assets and liabilities				
Intangible fixed assets	4	0	–	4
Tangible fixed assets	235	105	2	342
Right-of-use assets	60	6	–	66
Financial fixed assets	2	0	1	3
Deferred tax assets	6	1	0	7
Inventories	435	249	24	708
Current receivables	115	36	14	166
Cash and cash equivalents	48	89	10	146
Long-term liabilities	–40	–4	–	–43
Deferred tax liabilities	–6	–84	–	–90
Current liabilities	–220	–75	–29	–324
Minority interest	6	–79	–3	–75
Acquired net assets	646	245	20	910
Brands	95	23	–	118
Land and buildings	163	108	–	271
Customer relations	39	14	13	65
Goodwill	102	62	42	206
Deferred tax liabilities	–59	–29	–2	–90
Acquired non-controlling interests, surplus value recognised against shareholders' equity			25	25
Total identifiable net assets and goodwill	986	423	98	1,507
Total purchase price	–986	–423	–97	–1,506
– of which, cash portion	–986	–423	–96	–1,504
– of which supplementary purchase considerations entered as liabilities	–	–	–1	–1
Cash and cash equivalents in the acquired companies	48	89	10	146
Plus paid supplementary purchase considerations regarding earlier years	–	–	–1	–1
Impact on Group's cash and cash equivalents¹⁾	–938	–334	–87	–1,359

1) Of which SEK –1,334 M pertains to the acquisition of subsidiaries and operations and SEK –25 M pertains to the acquisition of non-controlling interests.

Fair value of acquired receivables amounts to SEK 176 M.

The brands have indefinite lifespans. Customer relationships amount to SEK 65 M, of which SEK 52 M is attributable to the acquisition of Koivunen and is assessed to have a useful life of 10 years. The remaining customer relationships of SEK 13 M are deemed to have a useful life of 5 years. For the useful life and depreciation periods of other tangible and intangible assets, refer to the 2021 Annual Report.

In addition to the control premium included in the acquisition price, the resulting goodwill is mainly attributable to the value of geographic expansion

and a stronger market position in Finland. Arisen goodwill is furthermore attributable to anticipated specific synergies in MEKO, new customers and, to a limited extent, the combined workforce. These advantages have not been recognised separately from goodwill since they do not meet the criteria for recognition of identifiable intangible assets.

Of the goodwill that arose in connection with the acquisitions, nothing is expected to be tax deductible.

Acquired subsidiaries/operations 2022	Country	Acquisition date	% equity and share of voting rights	Object
AutoHiFi AS – Sørensen og Balchen	Norway	Quarter 1	100	Equities
Workshop, Automobilia AS, Raufoss – Sweden/Norway	Norway	Quarter 2	100	Equities
Workshop, Solveien Bil AS, Moss – Sørensen og Balchen	Norway	Quarter 2	100	Equities
XOIL Sweden AB – Sweden/Norway	Sweden	Quarter 2	70	Equities
Workshop, Karlstad – Sweden/Norway	Sweden	Quarter 3	100	Assets and liabilities
Koivunen OY	Finland	Quarter 3	100	Equities
Workshop, Klippan – Sweden/Norway	Sweden	Quarter 3	100	Assets and liabilities
Workshop, Jan Reime Bil & Karosser AS, Bryne – Sweden/Norway	Norway	Quarter 3	100	Equities
Store, Klippan – Sweden/Norway	Sweden	Quarter 4	100	Assets and liabilities

31 Effects of acquisitions implemented, cont.

Business combinations 2021

MECA/Mekonomen acquired a workshop in Karlstad, a previous partner store in Vetlanda, Sweden and a partner store in Bergen, Norway and Sørensen og Balchen acquired a workshop in Drammen, Norway. MECA/Mekonomen also established a new store in Gjøvik, Norway, Sørensen og Balchen established a store 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 recognised 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 equivalents¹⁾	-60

1) Of which SEK -33 M pertains to the acquisition of subsidiaries and operations and SEK -27 M pertains to the acquisition of non-controlling interests.

Acquired subsidiaries /operations 2021	Country	Acquisition date	% equity and % votes	Object
Store, Vetlanda – MECA/Mekonomen	Sweden	Quarter 1	100	Assets and liabilities
Store, Bergen – MECA/Mekonomen	Norway	Quarter 2	100	Assets and liabilities
Store, 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

32 Information concerning revenue and expenses between Group companies

During the year, the Parent Company MEKO AB (publ) sold products and services to Group companies totalling SEK 39 M (47). Purchases relating to goods and services from Group companies amounted to SEK 53 M (46).

33 Transactions with related parties

In 2022, MEKO sold goods and services worth SEK 0 M (0) and acquired goods and services worth SEK 0 M (0) from companies where MEKO has significant influence or joint controlling influence.

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.

34 Events after the end of the year

As at 1 February, MEKO has acquired 70 per cent of the leading car accessory company Avant Denmark. Avant Denmark offers Denmark's largest range of accessories for cars and drives sales to companies and consumers, including online through Biludstyr.dk and through dealers throughout Denmark. Through the investment, the MEKO Group is further strengthening its leading position in Denmark.

MEKO presented adjusted financial targets and priorities at a capital market day on March 21 to strengthen its leading position. The financial targets imply a clarified ambition of an average annual sales increase of at least 5 per cent, to be achieved through a combination of organic growth and smaller acquisitions. Larger strategic acquisitions are not included. The new profitability target is an annual growth of adjusted EBIT of at least 10 per cent. The long-term target that the net debt in relation to operating profit (EBITDA) should be in the range of 2.0–3.0 times was left unchanged. The dividend policy was clarified to that the equivalent of 50 per cent of the profit after tax shall be distributed, considering acquisition opportunities, financial position, investment needs and possible share buybacks.

35 Approval of annual report

The Annual Report and consolidated financial statements were approved for issue by the Board on 31 March 2023. 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 23 May 2023.

36 Financial risks

Through its operations, MEKO 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, decentralised 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 liabilities and receivables in foreign currencies and in the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure).

In 2022, currency fluctuations had a negative impact on the Group's profit before tax totalling SEK 45 M (positively: 2). The most important currency in terms of transaction exposure is EUR in the companies that do not have EUR as their home currency, which represents 44 per cent (41) of goods purchases in these companies, as well as NOK pertaining to internal sales from the wholesale company in Sweden to companies in the Group in Norway. NOK, DKK, EUR and PLN are the most important currencies in terms of translation exposure to translation of subsidiaries' balance sheets and income statements into the Parent Company's currency SEK. EUR and USD are the most important currencies for the translation of the companies' own balance sheets, mainly accounts payable. During the year, the Group began currency-hedging parts of the suppliers ledger in foreign currencies to reduce the effect of exchange-rate fluctuations on the balance sheet that affect operating profit. 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, EUR and PLN. For this kind of currency exposure, the Group can 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 interest-rate swap in NOK as a hedging instrument. The currency hedge of net assets in DKK through loans in EUR that were classified as hedging instruments ceased during the year when the earlier acquisition loan in EUR that was made in connection with the acquisition of FTZ and Inter-Team 2018 was repaid in its entirety. As the underlying hedged assets in Denmark remain in the Group, the total effect from the hedge of SEK -78 M will continue to be recognised in comprehensive income as long as the underlying assets remain in the Group. The translation reserve pertaining to Denmark may be reclassified within equity through profit or loss in the event of divestment of the underlying assets in Denmark.

The translations of the loan and the cross-currency interest-rate swaps at the closing day rate are recognised 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. MEKO'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 2022, MEKO's net debt is SEK 3,558 M (2,264). A fixed-interest period is available with a term of less than one year. In addition to this, there are three interest-rate swaps of SEK 500 M each with maturity in 2024, 2025 and 2027, respectively, to hedge cash flows in the loans held by MEKO AB. The swaps lead to MEKO 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. MEKO measures the effectiveness of the hedging relationship on each reporting occasion. The interest rate swap and the loan have the same currency, interest base (STIBOR 3M), 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.

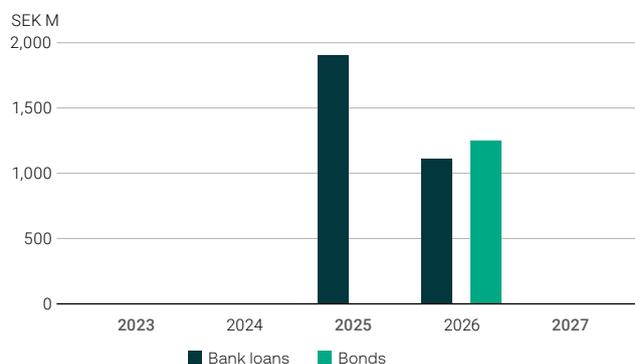
Financing and liquidity risks

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 2022, the Group's total loan financing excluding IFRS 16 Leases amounted to SEK 4,315 M (3,155), of which the long-term portion is SEK 4,315 M (2,958). The Group's borrowing from banks is subject to certain conditions, known as covenants, all of which MEKO 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 raised a new loan of SEK 1,965 M that runs until 2025 with the possibility of being extended for a maximum of two years and raising the existing RCF agreement to SEK 1,300 M (previously SEK 800 M) and extending it to SEK 2025. There is a possibility of extending the RCF another year to SEK 2026. At the same time that the new loan agreement of SEK 1,965 M was signed, an EUR loan was repaid in full and was hereby terminated.

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

MEKO's external loans without backup facilities as per 31 December 2022



All loans are repayment-free during their term and are repaid in full at maturity. However, the loans can be repaid in whole or in part at any time and the amount drawn under the RCF may vary according to the Group's wishes. In addition, the Group has overdraft facilities totalling SEK 320 M (320). The Group's cash and cash equivalents are invested short term and any excess liquidity is to primarily be used for amortising 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.

MEKO's available cash and unutilised credit facilities were around SEK 1,261 M at the end of December.

Fair value

No financial assets or liabilities were recognised at a value that significantly deviated from fair value.

36 Financial risks, cont.

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 per cent 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 MEKO and the counterparty does not significantly affect the measure-

ment 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 by foreign operations in Norway (NOK), ineffectiveness can arise if the hedged items, net investment in NOK, were to suddenly decrease since it would lead to the part of the loan classified as a hedging instrument exceeding the equity in NOK. The hedge ratio in the relationship is 1:1, which means that net investments in NOK interest-rate swaps in NOK 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 2021 or 2022.

Hedge accounting's impact on the Group's financial position and performance

Translation of net assets in foreign currencies	Group	
	2022	2021
Carrying amount, hedging instrument, long-term liabilities to credit institutions	–	SEK 1,923 M
Nominal amount in EUR, hedging instrument	–	EUR 188 M
Carrying amount in foreign assets	–	SEK 1,923 M
Amounts in DKK	–	DKK 1,398 M
Hedge ratio	–	1:1
Changes in the loan's carrying amount due to changes in exchange rate	SEK -88 M	SEK -39 M
Changes in value of assets in foreign currency	SEK +88 M	SEK +39 M
Carrying amount, hedging instrument, interest-rate swaps	SEK 528 M	SEK 513 M
Nominal amount in NOK, hedging instrument	NOK 500 M	NOK 500 M
Carrying amount in foreign assets	SEK 528 M	SEK 513 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 -16 M	SEK -35 M
Changes in value of assets in foreign currency	SEK +16 M	SEK +35 M

Cash flow hedges of interest-rate risk	Group	
	2022	2021
Carrying amount, hedging instrument	SEK 27 M	SEK -1 M
Nominal amount	SEK 1,500 M (3 x SEK 500 M)	SEK 1,743 M (2 x EUR 60.75 M + SEK 500 M)
Due date	2024, 2025 and 2027	2022, 2023 and 2024
Hedge ratio	1:1	1:1
Value changes for outstanding derivative instruments	SEK 25 M	SEK 6 M
Value changes of the hedged item	SEK -25 M	SEK -6 M

MEKO's impact on the uncertainty in future cash flows is presented by the table below (SEK M):

Due date for nominal amount, 2022	Within 1 year	1-3 years	4-5 years	More than 5 years
	Nominal amount ¹⁾	–	1,000	500
Average hedged fixed interest	–	1.68 %	3.11 %	–
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%	–	–

1) Nominal amounts per currency: 0-5 years consist of SEK 1,500 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, 4 april 2023

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 Oscarson
President and CEO

Our Auditors' Report was submitted on 4 april 2023
PricewaterhouseCoopers AB

Linda Corneliusson
*Authorised Public Accountant
Auditor-in-Charge*

To the general meeting of the shareholders of MEKO AB (publ), corporate identity number 556392-1971

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of MEKO AB (publ) for the year 2022 except for the corporate governance statement on pages 47–56. The annual accounts and consolidated accounts of the company are included on pages 36–96 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 2022 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 2022 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 47–56. 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 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
<p>Inventories</p> <p>We refer to Note 1 Accounting policies, Note 2 Significant estimates and assessments and Note 18 Inventories.</p> <p>In MEKO, Inventories, which consist of spare parts and car accessories, constitute a significant part of the Group's assets. Inventories amount to MSEK 4,147 as of December 31, 2022. With the aim of offering rapid deliveries and being close to the customers, there are a large number of branches represented in MEKO's five business areas. In addition, there are a number of central and regional warehouses in Sweden, Denmark, Norway, Poland, Estonia and Finland. Inventory is measured according to the lower of cost and net realizable value. To ensure the existence of inventory, MEKO performs inventory counts at the various inventory locations during the year. The value of the inventory is affected by factors, such 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. Inventories is a key audit matter in our audit as it is associated with estimates and judgments mainly related to obsolescence and volume bonuses.</p>	<p>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.</p> <p>In addition, detailed testing was done of a selection of products in 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 entities within the group, data analyses are also being done, meaning that inventory transactions are sorted and analyzed in accordance with predetermined parameters.</p> <p>We also assessed the Group's model for obsolescence calculation and audited its application. In order to ensure the inventory's existence and its condition, we also participate in a selection of stock takes that MEKO performs. We also conduct our own stock takes in some locations. In addition, we assessed the adequacy of the disclosures provided in the annual report and consolidated financial statements.</p>

Key Audit Matter

How our audit addressed the Key Audit Matter

Goodwill and intangible fixed 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 MEKO's total assets and amounts to MSEK 4,135 as per December 31, 2022. Acquired brands attributable to the acquisitions of Sørensen og Balchen, MECA, FTZ, Inter-Team and Koivunen have been assessed to have an indefinite useful life and amount to MSEK 1023 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, EBIT 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.

In our audit we have verified that the forecasted cash flows included in the impairment tests for the next year are based on budgets. We have reconciled that the assumptions used for the forecast are consistent with management's expectations. 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. 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.

Koivunen acquisition – Purchase Price Allocation

We refer to Note 1 Accounting policies, Note 2 Significant estimates and assessments and Note 31 Effects of acquisitions implemented.

MEKO acquired Koivunen, comprising entities in Finland, Estonia, Latvia and Lithuania in July 2022.

The purchase consideration amounts to MSEK 1,408 and the goodwill recognized is MSEK 164. Further, the value of brands recognized amounts to SEK 118 Million and the value of customer relations to SEK 53 Million.

The accounting for the acquisition of Koivunen has required a significant amount of management estimates and judgements. We therefore assess the purchase price allocation as a key audit matter.

The key judgements related to adjustments made to align accounting policies and to the allocation of the purchase price to the assets and liabilities acquired.

We instructed the local auditors of the acquired entities to audit the opening balances as per acquisition date. We conducted audit procedures to assess other aspects of the accounting including the adjustments made to align accounting policies with those of the group.

In evaluating the company's purchase price allocation for Koivunen, we tested the assumptions for reasonableness and valuation of the acquired assets and liabilities against market data, where available, industry benchmarks and facts in the transaction.

For the material assets, namely brands and customer relationships, we tested the assumptions for reasonableness. We involved valuation experts with appropriate skills in the audit team.

We have also evaluated the information provided in Note 31 in the annual report.

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 1–35, 100–104, 105–118, 120–122. The Board of Directors and the Managing Director are responsible for this other information.

The information in "Remuneration report MEKO AB 2022", 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/revisorsansvar. 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 MEKO AB (publ) for the year 2022 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 of the 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's 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 47–56 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 MEKO AB (publ) for the financial year 2022.

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 of the 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 MEKO AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

PricewaterhouseCoopers AB, Torsgatan 21, was appointed auditor of MEKO AB (publ) by the general meeting of the shareholders on May, 20 2022 and has been the company's auditor since April 8 2014.

Stockholm 4 April 2023
PricewaterhouseCoopers AB

Linda Corneliusson
Authorised Public Accountant

Five years in summary

The tables below present financial information in summary for the financial years 2018–2022. As of 1 January 2019, the Group applies IFRS 16 Leases. The comparative figures for 2018 have not been restated as the Group applied the future-oriented method in the implementation of IFRS 16.

Income statement

SEK M	2022	2021	2020	2019	2018
Net sales	14,067	12,309	11,511	11,842	7,779
Other revenue	324	243	253	174	172
Goods for resale	-7,745	-6,709	-6,318	-6,535	-3,901
Other operating expenses	-5,015	-4,143	-3,871	-3,951	-3,413
EBITDA	1,631	1,699	1,574	1,531	637
Depreciation/amortisation and impairment of tangible fixed assets and ROU assets	-675	-582	-606	-611	-84
EBITA	956	1,117	968	920	553
Amortisation and impairment of intangible fixed assets	-197	-223	-230	-215	-146
Operating profit, EBIT	759	894	738	705	407
Net financial items	-178	-134	-141	-150	70
Profit after financial items	581	759	596	555	477
Tax on profit for the year	-104	-172	-150	-134	-209
Profit for the year	477	587	446	421	268

Balance sheet

SEK M	31 Dec. 2022	31 Dec. 2021	31 Dec. 2020	31 Dec. 2019	31 Dec. 2018
Assets					
Intangible fixed assets	5,933	5,394	5,410	5,697	5,745
Other fixed assets	2,757	2,184	2,154	2,384	567
Inventories	4,147	3,021	2,704	2,854	2,816
Accounts receivable	1,278	974	828	855	868
Other current assets	916	764	678	725	662
Cash and cash equivalents	741	892	420	355	205
Total assets	15,773	13,229	12,193	12,870	10,863
Shareholders' equity and liabilities					
Shareholders' equity, Parent Company's shareholders	5,801	5,174	4,527	4,303	3,828
Non-controlling interests	125	55	68	32	25
Long-term liabilities	5,911	4,578	4,315	5,104	3,726
Current liabilities	3,936	3,422	3,283	3,431	3,284
Total shareholders' equity and liabilities	15,773	13,229	12,193	12,870	10,863

Condensed cash-flow statement

SEK M	2022	2021	2020	2019	2018
Cash flow from operating activities	1,048	1,227	1,625	1,142	331
Cash flow from investing activities	-1,533	-201	-186	-199	-4,407
Cash flow from financing activities	286	-569	-1,339	-798	4,044
Cash flow for the year	-199	457	100	146	-32

Five years in summary (cont.)

Data per share¹⁾

Amounts in SEK per share unless otherwise stated	2022	2021	2020	2019	2018
Profit	8.12	10.21	7.67	7.34	6.56
Cash flow	18.8	21.9	28.9	20.3	8.3
Equity	104.0	92.4	80.4	76.4	67.9
Dividends ²⁾	3.30	3.00	–	–	–
Share of profit paid, %	41	29	–	–	–
Share price at year-end	112.6	157.1	91.1	93.1	91.5
Share price, highest for the year	161.6	182.8	101.1	96.0	166.2
Share price, lowest for the year	83.9	90.1	35.06	60.8	88.4
Direct yield, %	2.9	1.9	–	–	–
P/E ratio at year-end, multiple	13.9	15.4	11.9	12.7	14.0
Average number of shares after dilution effects ³⁾	55,891,711	56,049,728	56,323,372	56,338,824	39,718,604
Number of shares at end of period ⁴⁾	56,416,622	56,416,622	56,416,622	56,416,622	56,416,622
Number of shareholders at year-end	12,009	11,676	11,728	12,259	12,310

1) For information on financial definitions, refer to page 120.

2) The Board's proposal for 2022.

3) No dilution is applicable.

4) The total number of shares amounts to 56,416,622, of which 79,243 are treasury shares and 544,000 are hedged through share swaps at the end of the period.

Key figures¹⁾

	2022	2021	2020	2019	2018
Sales growth, %	15	7	–3	52	33
Gross margin, %	45	45	45	45	50
EBITDA margin, %	11	14	13	13	8
Adjusted EBIT margin, %	7	8	8	7	8
EBIT margin, %	5	7	6	6	5
Capital employed, SEK M	11,837	10,070	9,549	10,195	8,166
Return on capital employed, %	7	9	7	7	9
Return on shareholders' equity, %	8	12	10	10	10
Return on total capital, %	5	7	6	6	7
Equity/assets ratio, %	38	40	38	34	35
Net debt, SEK M	3,558	2,264	2,673	3,709	4,098
Net debt/EBITDA, excl. IFRS 16 multiple	3.36	1.89	2.54	3.68	6.44
Net debt/EBITDA, incl. IFRS 16 multiple	3.12	2.30	2.71	3.59	–
Average number of employees					
Sweden	1,617	1,543	1,419	1,399	1,438
Denmark ²⁾	1,144	1,125	1,126	1,148	389
Norway	1,051	1,014	941	931	883
Poland ²⁾	1,547	1,472	1,396	1,438	449
Baltics ²⁾	246	–	–	–	–
Finland ⁴⁾	463	29	30	36	21
Other countries	–	–	–	1	1
Group	6,068	5,182	4,912	4,953	3,181
Number of branches/of which proprietary					
Denmark	50/50	50/50	51/51	51/51	51/51
Poland/the Baltics³⁾	131/109	85/83	82/79	82/79	82/79
Finland⁴⁾	170/15	19/1	16/2	10/4	11/5
MECA Sweden	78/61	76/60	72/60	66/59	61/56
MECA Norway	25/25	25/25	25/25	24/24	24/24
Mekonomen Sweden	115/104	120/109	122/111	129/112	130/112
Mekonomen Norway	38/34	38/34	42/31	42/31	42/31
Total Sweden/Norway	256/224	259/228	261/227	261/226	259/225
Sørensen og Balchen (Norway)	66/40	66/39	65/37	65/37	64/36
Group	673/438	479/401	475/396	469/397	467/396

Five years in summary (cont.)

The tables below present financial information in summary for the financial years 2018–2022.

Key figures¹⁾

	2022	2021	2020	2019	2018
Number of affiliated workshops⁵⁾					
Fixus – Finland	200	–	–	–	–
Top Truck – Finland	38	–	–	–	–
Mekonomen Bilverkstad – Finland	97	78	60	33	23
Total Finland business area	335	78	60	33	23
AutoMester – Denmark	400	404	409	421	423
Din BilPartner – Denmark	153	150	152	153	136
HELLA Service Partner – Denmark	283	305	322	331	336
CarPeople – Denmark	72	60	47	38	26
Total Denmark business area	908	919	930	943	921
O.K. Serwis – Poland	287	245	211	199	175
INTER DATA SERVICE – Poland	644	546	450	404	290
Fixus – Baltics	33	–	–	–	–
Total Poland/the Baltics business area	964	791	661	603	465
Mekonomen Bilverkstad					
Mekonomen Bilverkstad – Sweden	388	398	397	427	423
Mekonomen Bilverkstad – Norway	293	292	302	335	334
Total	681	690	699	762	757
MekoPartner					
MekoPartner – Sweden	116	116	118	126	138
MekoPartner – Norway	71	75	73	82	86
Total	187	191	191	208	224
Speedy					
Speedy – Sweden	47	43	42	40	39
Total	47	43	42	40	39
MECA Car Service					
MECA Car Service – Sweden	376	377	392	401	419
MECA Car Service – Norway	350	352	333	308	302
Total	726	729	725	709	721
Allt i Bil					
Allt i Bil – Sweden	5	7	7	8	8
Total	5	7	7	8	8
MECA Tungbil⁶⁾					
MECA Tungbil – Norway	25	20	–	–	–
MECA Tungbil – Sweden	12	–	–	–	–
Total	37	20	–	–	–
Total Sweden/Norway business area	1,683	1,680	1,664	1,727	1,749
BilXtra – Norway	262	253	253	258	258
Total Sørensen og Balchen (Norway)	262	253	253	258	258
White label⁷⁾					
Denmark business area	115	116	–	–	–
Sweden/Norway business area	93	92	–	–	–
Total White label	208	208	–	–	–
Total number of affiliated workshops in the Group	4,360	3,929	3,508	3,531	3,393

1) For information on financial definitions, refer to page 120.

2) The average number of employees in 2022 for the Baltics and acquired operations in Finland are calculated for the period 1 July–31 December 2022. The average number of employees in 2018 for Denmark and Poland is calculated for the period 3 September–31 December 2018.

3) Includes the acquired Koivunen's operations in Estonia, Latvia and Lithuania from the beginning of the third quarter.

4) Includes the acquired Koivunen's operations in Finland from the beginning of the third quarter.

5) Includes 90 (83) proprietary workshops operated under our brands.

6) MECA Tungbil was added as a concept in 2021.

7) White label has been included as of 2022; comparative figures have been restated for 2021. For more information, refer to the section "Company-specific definitions" on page 120.

Quarterly overview

SEK M	2022					2021				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Net sales¹⁾										
Denmark	3,689	986	851	919	933	3,480	902	804	900	874
Finland ^{2,3)}	728	327	336	32	33	111	30	30	26	25
Poland/the Baltics ⁴⁾	2,748	813	786	615	533	2,091	515	571	555	451
Sweden/Norway ²⁾	6,020	1,559	1,467	1,553	1,441	5,746	1,468	1,352	1,490	1,436
Sørensen og Balchen (Norway)	877	209	216	237	215	873	207	211	239	215
Central functions ⁵⁾	5	2	3	0	0	7	6	1	1	1
Group	14,067	3,895	3,660	3,357	3,155	12,309	3,129	2,968	3,210	3,001
EBIT										
Denmark	265	41	58	73	93	352	75	89	92	96
Finland ^{2,3)}	22	13	21	-7	-6	-29	-8	-7	-7	-7
Poland/the Baltics ⁴⁾	164	57	52	38	17	102	31	29	36	6
Sweden/Norway ²⁾	383	50	130	102	101	475	87	144	149	95
Sørensen og Balchen (Norway)	160	34	39	50	37	185	37	46	57	44
Central functions ⁵⁾	-119	-19	-41	-42	-17	-51	-16	-11	-13	-11
Other items ⁶⁾	-116	-28	-24	-30	-35	-141	-34	-34	-34	-38
Group	759	148	235	185	190	894	173	255	280	186
EBIT margin, %										
Denmark	7.2	4.1	6.8	7.9	10.0	10.1	8.3	11.1	10.2	11.0
Finland ^{2,3)}	2.9	3.9	6.2	-21.3	-16.8	-25.5	-24.5	-23.5	-28.2	-26.2
Poland/the Baltics ⁴⁾	5.8	6.8	6.4	6.0	3.0	4.7	5.8	4.9	6.3	1.3
Sweden/Norway ²⁾	6.2	3.1	8.6	6.5	6.8	8.1	5.7	10.5	9.8	6.5
Sørensen og Balchen (Norway)	18.0	15.9	17.9	20.9	17.0	20.9	17.6	21.5	23.7	20.4
Group	5.3	3.7	6.3	5.4	5.9	7.1	5.4	8.5	8.6	6.1
Investments⁷⁾										
Denmark	45	10	15	12	8	38	11	5	6	16
Finland ^{2,3)}	14	9	4	1	0	7	1	1	2	2
Poland/the Baltics ⁴⁾	35	15	9	6	5	23	8	3	6	6
Sweden/Norway ²⁾	98	30	19	32	16	93	21	16	31	25
Sørensen og Balchen (Norway)	4	2	0	0	2	4	0	1	2	1
Central functions ⁵⁾	13	6	3	2	2	7	3	2	1	1
Group	208	71	50	53	34	173	45	28	49	51

Quarterly overview (cont.)

SEK M	2022					2021				
	Full-year	Q4	Q3	Q2	Q1	Full-year	Q4	Q3	Q2	Q1
Quarterly data, Group⁸⁾										
Income	14,391	4,007	3,744	3,415	3,226	12,552	3,218	3,013	3,263	3,058
EBITDA	1,631	386	462	388	395	1,699	377	455	480	386
EBITDA excl IFRS 16 ⁹⁾	1,059	227	311	258	263	1,197	248	330	354	264
Adjusted EBIT	945	198	281	240	225	1,031	203	290	314	224
EBIT	759	148	235	185	190	894	173	255	280	186
Net financial items	-178	-53	-56	-42	-27	-134	-21	-30	-37	-46
Earnings after financial items	581	95	179	143	163	759	151	225	243	140
Tax	-104	24	-46	-41	-42	-172	-33	-53	-55	-32
Profit/loss for the period	477	120	133	102	121	587	118	173	188	108
Gross margin, %	44.9	42.8	45.1	46.3	46.1	45.5	45.4	46.4	45.5	44.7
EBITDA margin, %	11	10	12	11	12	14	12	15	15	13
Adjusted EBIT margin, %	7	5	8	7	7	8	6	10	10	7
EBIT margin, %	5	4	6	5	6	7	5	8	9	6
Earnings per share before and after dilution, SEK	8.12	2.05	2.23	1.73	2.11	10.21	2.09	3.02	3.24	1.85
Shareholders' equity per share, SEK	104.0	104.0	99.7	95.6	95.8	92.4	92.4	89.6	86.7	83.7
Cash flow per share, SEK	18.8	5.8	8.5	6.9	-2.5	21.9	3.4	8.0	7.2	3.2
Return on shareholders' equity, %	8.3	8.3	8.6	9.7	11.7	11.8	11.8	13.6	13.0	12.3
Share price at end of period	112.6	112.6	91.8	110.0	111.2	157.1	157.1	156.0	141.4	129.1

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

2) Mekonomen Finland is reported from the third quarter of 2022 in the Finland business area from previously in the Sweden/Norway business area. Comparative figures have been restated.

3) From Q3 2022 including the acquired business from Koivonen in Finland

4) From Q3 2022 including the acquired business from Koivonen in Estonia, Latvia and Lithuania

5) "Central functions" include Group-wide functions also including MEKO AB.

6) "Other items" include acquisition-related items attributable to MEKO AB's direct acquisitions. Current acquisition-related items are depreciation and amortisation of surplus values regarding acquired intangible and tangible assets pertaining to the acquisitions of FTZ, Inter-Team, Koivonen and MECA until the end of May 2022 and Sørensen og Balchen until the end of April 2021.

7) Investments are exclusive of company and business combinations and exclusive of leases according to IFRS 16.

8) For information on financial definitions, refer to page 120.

9) EBITDA excl. IFRS 16, see alternative performance measures on <http://www.MEKO.com>

EU taxonomy for sustainable activities

For the 2022 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 MEKO AB. The report pertains to the environmental objectives of climate change mitigation and climate change adaptation. MEKO has identified activities listed in the delegated act on climate impact mitigation. It is deemed that no activities performed by MEKO are listed in the delegated act on climate impact mitigation. Assessments and interpretations are based on information and guidance that was publicly available on 31 January 2023.

Calculation of total revenue, operating expenses and capital expenditure

Total revenue is based on our consolidated net sales as described on page 100 of the 2022 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 2022 Annual Report. Total operating expenses consist of direct non-capitalised 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, MEKO assesses that repairs and maintenance of vehicles with zero emissions (electric vehicles) and hybrid cars with low emissions are included (lower than 50 g CO₂/km). This interpretation is supported by the FAQ published by the EU in February 2022, where the low-carbon concept is discussed and exemplified by the taxonomy enabling, but not forcing, an actor to also include vehicles with conventional fossil fuels. Based on this interpretation, MEKO has chosen to include vehicles with zero or low emissions also for the year 2022. 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. MEKO has assumed that all revenue, capital expenditure and operating expenses 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 revenue was used as a key.

6.5 Transport by motorbikes, passenger cars and light commercial vehicles

This activity includes MEKO's turnover related to transport and maintenance for rented and leased vehicles. The calculation includes all new hybrid- and electrical cars. Actual operating expenses and capital expenditure attributable to the above are recognised.

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, MEKO assumed that delivery truck transports 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 recognised.

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 recognised.

7.5 Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings

This activity includes, for example, the installation of smart thermostat systems. Actual operating expenses and capital expenditure attributable to the above are recognised.

7.6 Installation, maintenance and repair of renewable energy technologies on-site

This activity includes the installation of renewable energy technologies, such as solar cells. Actual operating expenses and capital expenditure attributable to the above are recognised.

EU sustainable finance taxonomy (cont.)

Minimum safeguards

Corruption

MEKO has zero tolerance of corruption and a policy for this that is a part of the Group's Code of Conduct, published on MEKO's website. All employees underwent training in the Code of Conduct in 2021 and in 2023 there is an internal target that all new employees should be trained in the Code to ensure that correct procedures for training are in place. For employees and outsiders, there is also the possibility to report irregularities and violations of the law in MEKO's whistle-blower system that is available on the intranet and on MEKO's website. The work on anti-corruption and possible violations is followed up annually and reported in the Annual Report; see page 26.

Tax

MEKO has informal processes and procedures regarding tax issues, all of which are not documented in the form of policies with strict follow-up on correct reporting. Work will continue in 2023 to review these processes and procedures and what needs to be formalised.

Fair competition

MEKO is to act as an honest corporate group and it is made clear in the Group's Code of Conduct that MEKO respects and complies with competition rules. Training and work on the Code are followed up as described in the section Corruption, above. Work will be done in 2023 to review processes and procedures linked to competition rules and whether they fully live up to the minimum safeguards.

Human rights

MEKO has guidelines on human rights as a part of the Group's Code of Conduct. Training, work and any violations are followed up as described in the section Corruption, above. For suppliers, there is a separate Code of Conduct where issues and follow-up regarding human rights take place. The Group is to review the processes and guidelines that exist to see what possible steps need to be taken to fully comply with the requirements for the minimum human rights safeguards. The process and the work on supplier assessment are described on page 27.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute turnover MSEK	Proportion of turnover %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of turnover 2022	Taxonomy-aligned proportion of turnover 2021	Category (enabling E or transitional T activity)
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of eligible Taxonomy-aligned activities (A.1)	-	-	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-carbon transport technology	3.3	19.3	0.13																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.0	0.00																
Services for the road transport of goods	6.6	4.6	0.03																
Installation, maintenance and repair of energy-efficient equipment	7.3	0.0	0.00																
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0.0	0.00																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	7.5	0.0	0.00																
Installation, maintenance and repair of renewable energy technologies on-site	7.6	0.0	0.00																
Turnover of Taxonomy-eligible not but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		24	0.2																
Total (A.1 + A.2)		24	0.2																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of non-eligible activities (B)		14,367	99.8																
Total (A + B)		14,391	100																

Proportion of CAPEX from products or services associated with Taxonomy-aligned economic activities¹

Economic activities	Code(s)	Absolute CAPEX MSEK	Proportion of CAPEX %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of CAPEX 2022 %	Taxonomy-aligned proportion of turnover 2021 %	Category (enabling E or transitional T activity)
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CAPEX of eligible Taxonomy-aligned activities (A.1)		-	-	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-carbon transport technology	3.3	0.0	0.0																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	0.4	0.1																
Services for the road transport of goods	6.6	0.0	0.0																
Installation, maintenance and repair of energy-efficient equipment	7.3	2.8	0.5																
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0.0	0.0																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	7.5	0.4	0.1																
Installation, maintenance and repair of renewable energy technologies on-site	7.6	0.1	0.0																
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.7	0.7																
Total (A.1 + A.2)		3.7	0.7																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of non-eligible activities (B)	536	99.3																	
Total (A + B)	540	100																	

Proportion of OPEX from products or services associated with Taxonomy-aligned economic activities

Economic activities	Code(s)	Absolute OPEX MSEK	Proportion of OPEX %	Substantial contribution criteria						DNSH criteria (Do No Significant Harm)						Minimum safeguards	Taxonomy-aligned proportion of OPEX 2022 %	Taxonomy-aligned proportion of OPEX 2021 %	Category (enabling E or transitional T activity)
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N				
A. TAXONOMY ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OPEX of eligible Taxonomy-aligned activities (A.1)		-	-	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.0	0.0	N/A
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Production of low-carbon transport technology	3.3	0.6	0.7																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	2.3	3.0																
Services for the road transport of goods	6.6	0.1	0.1																
Installation, maintenance and repair of energy-efficient equipment	7.3	0.0	0.1																
Installation, maintenance and repair of charging stations for electric vehicles in buildings	7.4	0.2	0.3																
Installation, maintenance and repair of instruments and devices for the measurement, regulation and control of the energy performance of buildings	7.5	0.7	0.9																
Installation, maintenance and repair of renewable energy technologies on-site	7.6	0.0	0.0																
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		3.9	5.0																
Total (A.1 + A.2)		3.9	5.0																
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OPEX of non-eligible activities (B)	75	95.0																	
Total (A + B)	79	100																	

Sustainability information

Principles and delimitations

The Sustainability Report is a part of the Annual Report and has been prepared in observance of the requirements in the Annual Accounts Act and the GRI Standards from 2021. The Sustainability Report also constitutes part of our Communication on Progress to the UN Global Compact.

The Sustainability Report covers the entire Group, except for the companies XOIL and Koivunen acquired in 2022, unless otherwise stated. Affiliated workshops are not owned by the Group and are not covered in the report's information or presented in key figures unless otherwise stated.

During the year, a change was made in the division of the business areas and the reporting is now based on the five business areas Denmark, Finland, Poland/the Baltics, Sweden/Norway and Sørensen og Balchen (Norway). The comparative figures for 2021 were restated and are based on the new business areas.

The GRI index on pages 117–118 refers to information that is included in the sustainability report. The sustainability report is prepared annually. The sustainability report according to the Annual Accounts Act is presented in the text with page references on page 116. The company's auditors have certified that a Sustainability Report has been prepared as per the regulations of the Annual Accounts Act. This is MEKO's eighth sustainability report, the most recent of which was published in April 2022. Contact person for submitted information is the Group's Head of Sustainability Louise Wohrne.

The Norwegian Transparency Act

Through its operations in Norway, MEKO is subject to the Norwegian Transparency Act, which entered into force on 1 July 2022. The Act requires companies to conduct regular risk assessments to identify and manage any negative impact on human rights and decent working conditions throughout the value chain. In the Norwegian business, there is ongoing work on mapping existing suppliers and to carry out risk assessments related to human rights and working conditions, and a separate report on this will be published on the website no later than June 30 2023.



Cooperation with our stakeholders leads to multidimensional value creation

MEKO 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 have been prioritised 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 of workshops and car owners), employees, owners and analysts, suppliers and society and authorities are our main stakeholders. We have continuous follow-up and dialogue with them.

Stakeholder	Dialogue and follow-up	Issues in focus in 2022
Customer		
<p>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 in most cases made digitally. We also offer training and other services to the workshops.</p>	<p>Dialogue In customer interaction and in contact with customer service. Follow-up Regular customer surveys.</p>	<ul style="list-style-type: none"> • Fast deliveries, contact with the local store and range of spare parts. • Affordability and training.
<p>Car owners With our concepts, we want to attract car owners to affiliated workshops as well as our own workshops.</p>	<p>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.</p>	<ul style="list-style-type: none"> • Offering, quality of services and products and affordability. • Right expertise.
Employees		
<p>The employees' commitment and performance are crucial to obtaining satisfied customers, good financial results and a pleasant workplace. MEKO seeks to offer a safe and developing workplace.</p>	<p>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 organisations. Follow-up Employee survey, follow-up of sickness absence, work-related injuries and employee turnover and measurement of the under-represented gender in teams.</p>	<ul style="list-style-type: none"> • 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		
<p>MEKO is listed on Nasdaq Stockholm. The overall goal is to develop with high profitability and thereby generate value growth for the shareholders.</p>	<p>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.</p>	<ul style="list-style-type: none"> • A long-term financially sustainable development, growth opportunities, governance and transparency. • Business ethics, environmental and climate impact, as well as climate risks.
Suppliers		
<p>We mainly purchase 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.</p>	<p>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.</p>	<ul style="list-style-type: none"> • Product quality and safety. • Acceptance of the requirements in the Group's Supplier Code of Conduct.
Society and authorities		
<p>MEKO 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.</p>	<p>Dialogue Communication with supervisory authorities regarding permits and inspections (including those in the environment, working environment, chemicals handling and fire safety). Meetings and collaborations with supply associations/trade organizations. Collaboration with NGOs and schools. Follow-up Annual Report, follow-up of environmental data and environmental performance, number of training days.</p>	<ul style="list-style-type: none"> • 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

In 2022, an update of the materiality analysis was conducted where the operations' current and potential impact was evaluated from an environmental, economic and social perspective. The analysis was based on external monitoring, business strategy, upcoming legal requirements and on the dialogues with our main stakeholders. Scenario analyses based on TCFD methodology were also included in the identification of material areas. The two scenarios analysed were global warming of 4 and 2 degrees respectively, meaning "business-as-usual" and fulfilment of the Paris agreement. The scenario analysis focused primarily on MEKO's business and included both risks and opportunities.

The Group Management Team participated in the work on the update of the materiality analysis and the results were approved by the Board.

The materiality analysis forms the basis of our sustainability strategy, which will be further updated in line with our business strategy in 2023. It also forms the basis for how we govern our

sustainability work and which GRI indicators are reported on. Read more about our business strategy and our connection to the UN Sustainable Development Goals on page 13–17 and on page 21.

To take responsibility and be successful in the long term, we need to focus on the following topics:

- Reducing our emissions of greenhouse gases
- Being an attractive employer
- Taking responsibility in our supply chain
- Supporting the workshops in the transition and in being a good employer
- Being involved in driving the transition in the industry, both socially and environmentally

A GAP analysis was conducted during the year with the aim of identifying upcoming needs for new metrics and improvement areas as a basis for the continued development of the sustainability report.

Sustainability targets

KPI	Outcome 2022	Target 2022	Target 2023	Target 2025/2027	Target 2030	Comments
Percentage of working groups with representation of both sexes ¹ , %	46	100	–	–	–	46% of the working groups were represented by both genders. As of 2023, this target is replaced with new, more stringent targets.
Female employees (base year 2022), %	18	–	–	–	≥20	New target
Female managers correspond to the overall distribution in the Group (base year 2022), %	13	–	–	–	≥20	New target
Engagement index in the Group's employee survey (base year 2021)	3.9	3.9	3.9	≥4.0 (2027)	–	The target was achieved and the engagement index rose from 3.8 to 3.9 out of 5.
Percentage of new employees who have undergone training in the Group's Code of Conduct, %	–	–	100	–	–	New target
Number of affiliated workshops that meet our requirements for electric car workshops, level 2	830	–	1,000	1,500 (2027)	–	New target, further development of old targets that have been achieved.
Percentage of more sustainable delivery vehicles ² (base year 2022), %	1	–	–	–	100	New target
Percentage of more sustainable company cars ² (base year 2022), %	21	–	–	–	100	New target
Percentage of renewable electricity in premises with own electricity contracts (base year 2020), %	16	–	–	100 (2025)	100	The amount of renewable electricity increased significantly compared to 2021 (4.5 %) thanks to the work to specify electricity of suppliers.
Purchases made from suppliers that accepted the requirements in the Supplier Code, %	91	–	≥95	≥95	–	A decrease occurred compared with 2021 because the acquisition of Koivunen led to an increased number of suppliers in the Group.
Annual improvement in internal environmental model, score ³	+4	+2	+2	+2	–	

1) A working group is a unit/department within the Group, such as a store or a department in an office.

2) More sustainable means low CO₂ emissions technology, such as electricity, plug-in hybrid, biogas, hydrogen compared with cars that are exclusively powered by fossil fuels, such as diesel, petrol and natural gas

3) Average change for business areas during the year. The internal environmental model comprises a number of areas such as systematic environmental work, expertise and communication, chemicals management, waste management, energy and transportation

Sustainability notes

Employees



Information on employees and others who work for the organisation (GRI 2-7, 2-8 and 2-30)

Outcome¹⁾

	Denmark		Poland/ the Baltics		Sweden/ Norway		Finland		Sørensen og Balchen		Central functions		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Number of employees, permanent/temporary														
Permanent employees	1,132	1,129	808	758	2,425	2,327	29	28	397	344	44	38	4,835	4,624
Women	151	153	141	130	467	443	5	4	70	59	22	19	856	808
Men	981	976	667	628	1,958	1,884	24	24	327	285	22	19	3,979	3,816
Temporary employees	16	9	761	735	314	342	1	1	0	0	0	0	1,092	1,087
Women	4	0	203	167	66	64	0	0	0	0	0	0	273	231
Men	12	9	558	568	248	278	1	1	0	0	0	0	819	856
Total	1,148	1,138	1,569	1,493	2,739	2,669	30	29	397	344	44	38	5,927	5,711
Number of employees, full-/part-time														
Full-time employees	1,104	1,092	1,564	1,490	2,341	2,218	30	28	241	228	44	38	5,324	5,094
Women	138	138	343	297	450	409	5	4	43	40	22	19	1,001	907
Men	966	954	1,221	1,193	1,891	1,809	25	24	198	188	22	19	4,323	4,187
Part-time employees	44	46	5	3	398	451	0	1	156	116	0	0	603	617
Women	17	15	1	0	83	98	0	0	27	19	0	0	128	132
Men	27	31	4	3	315	353	0	1	129	97	0	0	475	485
Total	1,148	1,138	1,569	1,493	2,739	2,669	30	29	397	344	44	38	5,927	5,711

1) Employees in the acquired companies XOIL and Koivunen are not included in the outcome above

Outcome

The majority of the work in MEKO is done by employees who are employed in the Group. In our wholesaler operations, staff is hired in from staffing agencies based on needs. During the year, consultants were also engaged to cover temporary vacancies in IT, finance and HR, among others. There was no significant variation in employment during the year.

Work has begun to collect information on the number of engaged consultants at the end of the next year.

Of all employees in MEKO, 58 per cent (49) are covered by collective bargaining agreements. In the Swedish and Danish operations, all employees are covered by collective bargaining agreements. In those parts of the business where collective bargaining agreements are missing, working conditions are largely based on existing collective bargaining agreements within the Group. Poland/the Baltics business area complies with ordinances and regulations on compensation according to Polish labour law. All employees have the right to join trade unions and organisations as they choose and to engage in collective bargaining through the trade union organisations with which Mekonomen Group has agreements. Read more in our Code of Conduct on our website.

Calculation method and follow-up

The number of employees in the table above is as at 31 December. The reporting of employee statistics is gathered from the respective business area's system for employee data management. The information is then compiled in a web-based tool and is assured by the coordinating HR function.

Permanent employment refers to employment that does not have an end date and includes those who have a probationary employment if the intention is for them to transition to a permanent employment. Temporary employment comprises those employment contracts that have a specified end date.

Full-time employees correspond to those who work full-time (100%) and part-time employees to those who do not work full-time.

New employees and employee turnover (GRI 401-1)

Outcome

	Denmark		Poland/the Baltics 2021 ²⁾		Sweden/ Norway		Finland		Sørensen og Balchen		Central functions		Total Group	
	2022	2021 ¹⁾	2022	2021 ¹⁾	2022	2021 ¹⁾	2022	2021 ¹⁾	2022	2021 ¹⁾	2022	2021 ¹⁾	2022	2021 ¹⁾
Number of employees														
Women														
> 30 years	11	–	58	–	65	–	1	–	4	–	2	–	141	–
31–45 years	14	–	45	–	36	–	3	–	2	–	2	–	102	–
46–59 years	7	–	12	–	16	–	1	–	0	–	1	–	37	–
< 60 years	1	–	2	–	3	–	0	–	1	–	0	–	7	–
Total women	33	26	117	79	120	100	5	0	7	6	5	8	287	219
Men														
> 30 years	61	–	138	–	173	–	8	–	12	–	1	–	393	–
31–45 years	39	–	71	–	124	–	5	–	16	–	2	–	257	–
46–59 years	34	–	23	–	85	–	5	–	6	–	1	–	154	–
< 60 years	9	–	4	–	13	–	2	–	2	–	0	–	30	–
Total men	143	139	236	213	395	365	20	12	36	28	4	5	834	762
Total new employees	176	165	353	292	515	465	25	12	43	34	9	13	1 121	981
Number of concluded employments														
Women														
> 30 years	7	–	40	–	36	–	0	–	1	–	0	–	84	–
31–45 years	11	–	17	–	41	–	0	–	2	–	0	–	71	–
46–59 years	10	–	8	–	23	–	0	–	0	–	2	–	43	–
< 60 years	3	–	2	–	4	–	0	–	1	–	0	–	10	–
Total women	31	26	67	56	104	86	0	0	4	5	2	3	208	176
Men														
> 30 years	32	–	114	–	150	–	2	–	4	–	0	–	302	–
31–45 years	37	–	72	–	127	–	1	–	11	–	1	–	249	–
46–59 years	42	–	34	–	72	–	1	–	6	–	0	–	155	–
Men	18	–	5	–	37	–	1	–	5	–	0	–	66	–
Total men	129	136	225	219	386	322	5	12	26	16	1	0	772	705
Total	160	162	292	275	490	408	5	12	30	21	3	3	980	881
Employee turnover														
Women	20.5%	17.0%	47.5%	43.1%	22.3%	19.4%	0.0%	0.0%	5.7%	8.5%	9.1%	15.8%	24.3%	21.8%
Men	13.1%	13.9%	33.7%	34.9%	19.7%	17.1%	20.8%	50.0%	8.0%	5.6%	4.5%	0.0%	19.4%	18.5%
Total	14.1%	14.3%	36.1%	36.3%	20.2%	17.5%	17.2%	42.9%	7.6%	6.1%	6.8%	7.9%	20.3%	19.1%

Employees in the acquired companies XOIL and Koivunen are not included in the outcome above.

1) 2022 is the first year that new employment and concluded employment are recognised by age category and therefore no comparative data for 2021 is available.

2) The number of new employees and concluded employments for Poland/the Baltics in 2021 was adjusted. Data regarding Poland/the Baltics is not directly comparable with other business areas.

Governance

Committed managers and employees are a prerequisite for successful growth and development of our operations. Our Code of Conduct sets out the values and principles that govern our relationship with, among other things, employees. The Code covers all employees in all companies and countries where MEKO has operations. Read more about our Code of Conduct on page 26 or at our website.

Employee surveys, employee development talks and managers' ongoing dialogue with employees all address issues related to well-being and working conditions. In addition, the opportunities for the individual to influence their work situation is discussed. The results of dialogue are reviewed on an ongoing basis with the aim of implementing improvements in the operations from an overall perspective to the individual's own group.

For 2022 a target was set to achieve at least 3,9 in the commitment index in the Group's employee survey. The outcome for the year was 3,9 and the target was achieved, read more on page 19, 22, 110.

Calculation method and follow-up

Employee turnover is calculated as the number of concluded employments regardless of the reason for leaving in relation to the number of permanent employees. As of 2022, the data is reported by age, and therefore there are no comparative figures for 2021. Follow-up takes place annually in the Group's web-based tools and is reported by HR managers in the respective business area.

Sustainability notes (cont.)

Other employee information

	Denmark		Poland/ the Baltics ¹⁾		Sweden/ Norway		Finland		Sørensen og Balchen		Central functions		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Sickness absence, %														
Women	5.6%	5.0%	–	–	6.9%	6.5%	5.1%	0%	12.4%	9.9%	0.5%	1.8%	10.8%	6.4%
Men	4.3%	3.3%	–	–	5.6%	5.2%	2.5%	2.7%	5.2%	4.7%	0.4%	0.4%	6.4%	4.6%
Total	4.4%	3.5%	4.9%	5.2%	5.9%	5.5%	2.9%	2.3%	6.5%	5.6%	0.5%	1.1%	5.3%	5.0%

1. Data divided into men and women not available for Inter-Team.

	Denmark		Poland/ the Baltics		Sweden/ Norway		Finland		Sørensen og Balchen		Central functions		Total Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Occupational injuries, count														
Women	5	2	3	0	17	15	0	0	0	0	0	0	25	17
Men	23	14	10	11	53	67	2	2	0	0	0	0	88	94
Total	28	16	13	11	70	82	2	2	0	0	0	0	113	111

During the year, no work-related deaths occurred.

Calculation method

Sickness absence is calculated in relation to ordinary contracted working hours.

Occupational injuries are calculated as the number of accidents at the workplace that have led to personal injury.

Diversity within the Board, management and among employees (GRI 405-1) and Non-discrimination (GRI 406-1)

Outcome, count

	Women	Men
Board of Directors	2	5
Group Management Team	3	3
No. of employees	1,129	4,798
Of which, managers	75	506

More information about the Board's and management's composition on page 52–53.

Governance

MEKO's workplaces should reflect the diversity of our customers and society at large. Diversity is also important to create renewal and change in a traditional industry. Through employees and leaders with different experience and competences we improve the ability to meet customers' needs.

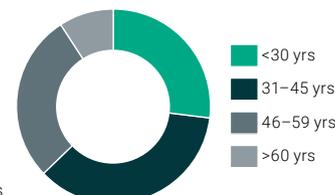
Within Meko there is a well developed Human Resources Management which includes, among other things, equality plans, action programs against discrimination, clear goals and follow-ups, reporting and a division of responsibilities. Our guidelines and principles for diversity, equality and inclusion are stated in our code of conduct

MEKO has already set targets to have both genders represented in all teams in the Group and that the gender distribution among managers is to match the gender distribution in the Group. Heading into 2023, this target was replaced by new targets for the percentage of female employees and managers. Read more about our targets on pages 19 and 110.

Age structure

Age <30 years	27% (28)
Age 31–45 years	36% (36)
Age 46–59 years	28% (27)
Age 60 and above	9% (9)

All employees as at 31 December 2022. Outcome 2021 in parentheses.



Succession plans are prepared annually for senior positions and there is also an analysis of employee turnover.

An updated diversity policy for the Board was adopted in 2022 and is published on MEKO's website.

Read more about how we work with gender equality and diversity on page 23.

Calculation method and follow-up

Follow-up takes place annually in the Group's web-based tools and is reported by HR managers in the respective business unit.

Generated and distributed economic value (GRI 201-1)

Outcome

	2022	2021
Directly generated value		
Net sales	14,067	12,309
Total value created	14,067	12,309
Distribution of financial value		
Suppliers	9,717	8,199
Employees ¹	3,043	2,653
Financiers	178	135
Public sector ²	240	192
Shareholders	184	19
Contributions to society	–	–
Total distributed value	13,362	11,198
Remaining in the operation	705	1,111

1) The item includes salaries and remuneration, social security contributions and pensions to employees and the Board. For more information, refer to Note 5, page 72.

2) The item includes tax paid.

Governance

The Board is responsible for MEKO'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.

Within MEKO, guidelines regarding the financial process are updated annually. This is done through MEKO's financial handbook, which gathers relevant policies, processes and accounting policies. The financial handbook is made available in the respective business areas. Updates are also addressed in connection with regular CFO meetings where representatives from all parts of the Group participate. Read more about how we govern and our internal control environment on page 55.

Calculation method and follow-up

MEKO prepares its financial reporting based on the accounting policies described on page 64. The figures in the left-hand table mainly follow the items presented in the consolidated income statement, except for tax paid and dividends to shareholders which are presented in the Group's cash flow statement.

Monitoring of earnings and financial position is done quarterly in the form of internal status updates, reporting to the Board and publication of the interim report.

Anti-corruption (GRI 205-2 and 3)

Outcome

In 2022, there were no reported cases of corruption in the Group.

Governance

MEKO's view of corruption is presented in the Group Code of Conduct which includes the anti-corruption policy. In addition to the anti-corruption policy, there are special guidelines regarding anti-corruption with rules on gifts and representation. The guidelines apply to all employees and are based on parts of the Swedish Code of Business Conduct that is administered by the Swedish Anti-Corruption Institute (IMM). Through a central purchasing organisation that secures all major purchasing agreements for our Group companies, we have better control over suppliers and the flow of products. Our suppliers are asked to accept our Supplier Code of Conduct, which includes specific texts on anti-corruption.

It is the respective business area manager who is responsible for all employees undergoing training in the code of conduct, and in 2021 there was a goal that all employees would have undergone training in the code of conduct. Before 2023, a new goal has been set that all new employees must have undergone training in our code of conduct.

Calculation method and follow-up

Suspected cases of corruption are collected through the whistle-blower system or through reporting to the immediate manager. The whistle-blower system is available on the Group's website and was adapted to meet the requirements of the EU Whistleblower Directive and national legislation. Any suspected cases are collected by the Director of Legal Affairs and reported back to the Board and management.

Energy consumption within the organisation (GRI 302-1)

Outcome

Energy use	2022	2021
Fuels, fuel for own transports + company cars		
Renewable, MWh	2,499	4,899
Fossil (diesel, petrol), MWh	34,720	33,343
Fuels, own heating of premises		
Renewable (e.g. wood pellets), MWh	0	11,328
Fossil: (oil, coal pellets), MWh	8,686	19,270
Total fossil fuels, MWh	43,406	52,613
Total fuels used, MWh	45,905	68,840
Purchased heat, heating of premises		
District heating, renewable, MWh	17,113	16,111
District heating, non-renewable, MWh	14,248	14,058
Produced electricity		
Renewable (wind, solar, hydro), MWh	47	0
Purchased electricity ¹		
Renewable (wind, solar, hydro), MWh	31,539 ¹⁾	32,726
Non-renewable, nuclear, MWh	9,166	10,593
Non-renewable, fossil, MWh	15,767	17,978
Sum, purchased heating and electricity, MWh	62,900	62,894
Total energy use, MWh	108,852	109,159

1. Purchased electricity in 2022 includes XOIL and Koivunen, which were acquired during the year.

Outcome

Energy consumption decreased during the year, mainly attributable to reduced energy consumption in different parts of the Group due to a reduced amount of premises in some business areas and reduced consumption due to a warmer year. At the same time, the number of premises increased in other parts of the Group, and XOIL and Koivunen's electricity consumption of 1000 MWh is included in the total energy use. The table for energy follow-up has been expanded with more details than previous years.

Governance

The Group's environmental policy is integrated into MEKO's Code of Conduct.

Calculation method and follow-up

The collection and calculation of energy and climate data has been done in a web-based tool since 2021.

The respective responsible rapporteur for each unit annually reports the total consumption divided by type of energy and by renewable and non-renewable energy. In addition, information is reported if it is MEKO that is the holder of the electricity subscription and thereby has full control over what energy is purchased.

Emissions of greenhouse gases Scope 1, 2 and 3 (GRI 305-1, 305-2, 305-3)

Outcome

Emissions, tonnes CO ₂ -equiv.	2022	2021	2020
Direct emissions (Scope 1)			
Own transports (delivery trucks)	6,921	6,935	6,533
Heating (gas, oil, coal pellets)	1,463	1,636	1,412
Business travel (company cars)	2,704	1,964	2,199
Total Scope 1	11,088	10,535	10,144
Indirect emissions (Scope 2)			
Electricity (market-based)	11,567	13,093	12,564
Heating (district heating)	2,879	2,300	2,338
Own transports (delivery vehicles)	13	–	–
Business travel (company cars)	34	–	–
Total Scope 2	14,493	15,393	14,902
Other indirect emissions (Scope 3)			
Purchased goods and services	435,700	–	–
Subcontractors, transports	12,944	10,603	9,801
Business travel with a private car	473	202	199
Business travel by air and train	289	190	181
Own transports (upstream)	1,643	2,153	1,883
Business travel, company cars (upstream)	649	540	587
Heating (upstream)	384	332	264
Electricity (upstream)	239	197	199
Total Scope 3	452,321	14,217	13,114
Total tonnes CO₂e	477,902	40,145	38,160
Emissions outside the scope			
Biogenic emissions	397	–	–
Indirect emissions (Scope 2)			
Electricity (location-based)	2,204	2,279	5,568

During the year, total emissions of greenhouse gases increased, which is mainly attributable to improved reporting in scope 3, purchased goods and services, calculated with spend-based emission factors. In addition to this new category, some emissions mainly increased due to a return to increased travel when restrictions due to the pandemic were lifted. From these perspectives, 2020 and 2021 were low-emission years. In scopes 1 and 2, emissions increased overall. Travel increased but some decrease in electricity consumption in different business areas occurred due to a warmer year, but also thanks to energy saving measures.

Governance

The work of reducing emissions of greenhouse gases is governed through strategic directives and KPIs and follow-up of business areas. In the beginning of 2023, MEKO committed to setting science-based targets (SBT) and several new KPIs were introduced to support the overall climate target to be set. The KPIs already mean that own electricity contracts should move towards renewable electricity and the new ones mean steering the own vehicle fleet towards more sustainable alternatives such as electricity and plug-in hybrids.

Calculation method and follow-up

Climate-impacting emissions are calculated based on the Greenhouse Gas Protocol and refer to the entire life cycle as far as possible. Climate-impacting emissions from the combustion of biofuels are reported as of 2022. The types of energy and sources of emissions included are presented in the tables on page 115.

Sustainability notes (cont.)

Scope 1 includes the Group's direct emissions from sources controlled by the company, i.e., the company's own transports by delivery vehicles 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. Scope 2 includes the Group's indirect emissions of purchased electricity and heating.

Scope 3 includes the Group's emissions from indirect sources. Upstream emissions from purchased goods and services were included for 2022 and calculated with spending-based emission factors.



Percentage of new suppliers screened based on environmental and social criteria (GRI 308-1, 414-1)

MEKO 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 Organisation (ILO) conventions on social justice and decent work.

Outcome

During the year, 91 per cent (97) of the purchases were made from suppliers that have accepted the requirements; the decrease is due to the acquisition of Koivunen in 2022, which entailed multiple new suppliers. The outcome excluding Koivunen was 97 per cent.

Governance

The goal is for at least 95 per cent of the purchases of direct materials to come from suppliers who have accepted the requirements of the Supplier Code of Conduct by 2025. Direct materials refer to products that are bought to be sold on externally.

Calculation method and follow-up

The calculation is done based on a list with information about whether suppliers have accepted the Group's Supplier Code of Conduct. The percentage of purchases from suppliers that have accepted the requirements (%) is calculated based on the Group's total purchase value for the suppliers that have accepted the Group's Code of Conduct for Suppliers divided by the total purchase value for all suppliers. The calculation is integrated into the companies' supplier bonus system. Follow-up takes place annually in web-based tools.

Sustainability Report

MEKO is covered by the requirement of a sustainability report according to the Annual Accounts Act. The Board is responsible for the statutory sustainability report found in the Annual Report under the following points, covering 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 54, 111–116
- Risk management, pages 28–33
- Climate-related risks and opportunities, pages 28–33
- Responsible purchasing, page 27
- Human rights, pages 20–21, 26–27, 33
- Environment, pages 24–25, 33, 45, 115–116
- Social conditions, pages 22–23, 31, 111–113
- Employees, pages 31, 43, 111–113
- Business ethics and anti-corruption, pages 26–27, 33
- EU taxonomy, page 105–107

GRI index

Statement of use

MEKO AB has reported the information referred to in this GRI index for the period 1 January 2022 to 31 December 2022 in accordance with GRI Standards 2021.

GRI 1: Foundation 2021

Applicable sector-specific disclosures are missing from the industry in which MEKO AB is active.

GRI Standard	Disclosure	Reference	Deviation			
			Deviation from requirements	Reasons	Explanation	
GENERAL DISCLOSURES						
GRI 2: General Disclosures 2021	2-1 Organisational details	Front, 6, 11, 36, 47–56				
	2-2 Entities included in the organisation's sustainability reporting	108				
	2-3 Reporting period, frequency and contact point	Whole year 2022, 108				
	2-4 Restatements of information	108				
	2-5 External assurance	108				
	2-6 Activities, value chain and other business relationships	6 –11, 27, 36, 38 –43, 57 –60				
	2-7 Employees	111				
	2-8 Workers who are not employees	111	2-8 a)	Missing information	Information on the number of hired consultants is missing	
	2-9 Governance structure and composition	47–56				
	2-10 Nomination and selection of the highest governance body	49–50				
	2-11 Chair of the highest governance body	52				
	2-12 Role of the highest governance body in overseeing the management of impacts	54–55				
	2-13 Delegation of responsibility for managing impacts	54–55				
	2-14 Role of the highest governance body in sustainability reporting	54				
	2-15 Conflicts of interest	50				
	2-16 Communication of critical concerns	26				
	2-17 Collective knowledge of the highest governance body	54–55				
	2-18 Evaluation of the performance of the highest governance body	50, 55				
	2-19 Remuneration policies	54				
	2-20 Process to determine remuneration	48 –51, 54, 72 and compensation report at www.meko.com				
	2-21 Annual total compensation ratio			2-21	Missing information	Data collection of median salary is missing
	2-22 Statement on sustainable development strategy	2–5				
	2-23 Policy commitments	24, 26, 45				
	2-24 Integration of policy commitments	24, 26				
	2-25 Processes to remediate negative impacts	24, 26				
	2-26 Mechanisms for seeking advice and raising concerns	26				
	2-27 Compliance with laws and regulations	24				
	2-28 Membership associations	Telge Tillväxt, the foundation "En frisk generation", SFVF and FIGIEFA				
	2-29 Approach to stakeholder engagement	109				
	2-30 Collective bargaining agreements	111				

GRI Standard	Disclosure	Reference	Deviation		
			Deviation from requirements	Reasons	Explanation
MATERIAL TOPICS					
GRI 3: Material topics, 2021	3-1 Process to determine material topics	110			
	3-2 List of material topics	110			
Economic impact					
GRI 3: Material topics, 2021	3-3 Management of material topics	6, 8–9, 13–19, 21, 54–55			
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	114			
Anti-corruption					
GRI 3: Material topics, 2021	3-3 Management of material topics	19, 21, 26–27, 33, 54, 110, 114			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	26, 110, 114			
	205-3 Confirmed incidents of corruption and actions taken	26, 114			
Energy					
GRI 3: Material topics, 2021	3-3 Governance of material topics	19, 21, 24–25, 33, 54, 115			
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	115			
Emissions					
GRI 3: Material topics, 2021	3-3 Governance of material topics	19, 21, 24–25, 33, 54, 115			
GRI 305: Emissions 2016	305-1 Direct (Scope 1) greenhouse gas emissions	25, 115			
	305-2 Energy indirect (Scope 2) greenhouse gas emissions	25, 115			
	305-3 Other indirect (Scope 3) greenhouse gas emissions	25, 115			
Supplier screening using environmental criteria					
GRI 3: Material topics, 2021	3-3 Governance of material topics	19, 21, 26–27			
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	19, 27, 116	308-1	Missing information	Information about new suppliers is missing
Employment					
GRI 3: Material topics, 2021	3-3 Governance of material topics	19, 21–23, 26, 30–31, 43, 54, 112			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	112			
Diversity and equal opportunity					
GRI 3: Material topics, 2021	3-3 Governance of material topics	19, 21–23, 26, 30–31, 43, 54, 113			
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	23, 113			
Non-discrimination					
GRI 3: Material topics, 2021	3-3 Governance of material topics	21, 23, 43, 113			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	23			
Supplier screening based on social criteria					
GRI 3: Material topics, 2021	3-3 Governance of material topics	19, 21, 26–27			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	19, 27, 116	414-1	Missing information	Information about new suppliers is missing

Auditor's statement

regarding the Sustainability Report

To the General Meeting of MEKO AB (publ), corp. ID no. 556392-1971

Mission and activities

It is the board of directors who is responsible for the statutory sustainability report for the year 2022, the company has defined the scope of its sustainability report on page 116, and that it has been prepared in accordance with the Annual Accounts Act.

Review focus and scope

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the

statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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 opinion.

Opinions

A sustainability report has been prepared.

Stockholm, 4th of April 2023
PricewaterhouseCoopers AB

Linda Corneliusson
Authorised Public Accountant

Glossary and definitions

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.

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.

Affiliated workshops

Workshops that are not proprietary, but conduct business under the Group's brands.

Average number of employees

The total number of hours worked divided by the standard time for a full-time employee during the year.

B2B

Sales of goods and services between companies.

B2C

Sales of goods and services between companies and consumers.

Business area

Reportable segments

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 recognised at nominal amounts.

Capital employed

Total assets less non-interest-bearing 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.

Currency effects on the balance sheet

The impact of currency regarding realised and unrealised 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.

EBIT margin

EBIT after depreciation/amortisation as a percentage of total revenue.

EBITA

EBITA after depreciation according to plan but before amortisation and impairment of intangible fixed assets.

EBITDA

Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets.

EBITDA excl IFRS 16

Operating profit before depreciation/amortisation and impairment of tangible and intangible fixed assets excluding effects of IFRS 16.

EBITDA margin

EBITDA as a percentage of total revenue.

Earnings per share

Profit for the period excluding minority shares, 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.

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.

Fleet operations

MEKO's offering to companies.

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.

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.

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.

OBP

Own brand products, such as ProMeister and Carwise.

Organic growth

Change in net sales adjusted for the number of weekdays, acquisitions/divestments and currency effects.

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 MEKO AB.

Proprietary workshops

Workshops with operations in subsidiaries, directly or indirectly majority owned, by MEKO AB.

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.

Shareholder information

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.

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 the Other companies customer group

Sales to companies that are not affiliated to any of MEKO's concepts, including sales in the fleet operations.

Sales to the Partner branches customer group

Sales to partner branches.

Shareholders' equity per share

Shareholders' equity excluding non-controlling interests, in relation to the number of shares at the end of the period.

Spare parts for cars

Parts that are necessary for a car to function.

Alternative performance measures

From the January–June 2016 interim report, MEKO applies the new guidelines for alternative performance measures issued by ESMA¹. 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. MEKO 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 2022 Annual Report on our website: <https://meko.com/investors/financial-information/alternative-performance-measures/>

¹) The European Securities and Markets Authority.

Annual General Meeting

MEKO's (publ), corp. ID no. 556392-1971, Annual General Meeting will be held at 10:00 a.m. on 28 May 2023 at 7A Posthuset, Vasagatan 28, 111 20 Stockholm, Sweden. Registration for the Annual General Meeting will open at 9:00 a.m. 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.meko.com

Registration

Shareholders wishing to participate in the Annual General Meeting must:

- be registered in the shareholders' register maintained by Euroclear Sweden AB on 12 May 2023, and
- notify the company or cast a postal vote no later than 16 May 2023.

Notification may be made in writing to MEKO AB, "Årsstämman", 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 natural persons may also register on MEKO's website, www.meko.com. When registering, name, personal or corporate identity number, address, phone number and number of any assistants must be provided. For postal voting, a special form is to be used. The postal voting form is available at www.meko.com. The completed and signed postal voting form must be sent to MEKO to arrive no later than Tuesday, 16 May 2023 and must be sent by letter to Meko AB, "Annual General

Meeting", c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, Sweden or by e-mail to generalmeetingservice@euroclear.com. Shareholders who are natural persons can also, by 16 May 2023 at the latest, vote digitally with BankID verification at www.meko.com or anmalan.vpc.se/EuroclearProxy/.

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 Friday, 12 May 2023 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 authorisation. A proxy form is available at www.meko.com.

Dividends

The Board of Directors proposes a dividend of SEK 3.30 for 2022 to the Annual General Meeting.

Printed Annual Report

Printed Annual Reports will be distributed only to new shareholders and shareholders requesting them no later than one week before the Annual General Meeting.

Financial calendar 2023

Information	Period	Date
Interim report	January–March 2023	16 May 2023
Interim report	January–June 2023	23 August 2023
Interim report	Jan–Aug 2023	9 November 2023
Year-end report	January–December 2023	14 February 2024

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MEKO