

Annual Report

2020



 bilia

## Försiktighetsåtgärder för allas säkerhet

Vi tycker att det är viktigt att ta vårt ansvar och hjälpa till att begränsa spridningen av Covid-19.

För att ditt besök hos oss ska kännas så tryggt som möjligt har vi tagit extra försiktighetsåtgärder. T.ex. extra städning och nya rutiner kring kontaktytor.

Vi följer utvecklingen och Folkhälsomyndighetens rekommendationer och uppdaterar våra åtgärder löpande.

Du kan läsa mer om våra försiktighetsåtgärder på vår hemsida, eller fråga oss som jobbar här. Vi finns även tillgängliga på telefon dygnet runt, på 0771-400 000.

Fråga oss om du har några frågor.  
Ta hand om varandra.

Despite the COVID-19 pandemic, Bilia reported the highest result ever for a full-year.

# Content

## Year in brief 2

Net turnover amounted to SEK 30,168 M (29,508). Operational earnings amounted to SEK 1,593 M (1,239). The margin was 5.3 per cent (4.2). Underlying growth in the Service Business for Sweden and Norway amounted to 5 per cent (7).

## Statement by the Managing Director 4

Bilia's highest result ever, despite a troubled environment with the spread of COVID-19 in all our operating countries. Once again a strong result in the Service Business and record results in sales of used cars.

## Internal strategy 6

Strong leadership is a success factor for Bilia. A leadership with focus on dedication and competence give proud and considerate employees which leads to satisfied customers. Safety for all employees has been a focus area for Bilia during the year. Together we are taking responsibility for each other's and the customers' health.

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Bilia is a full-service supplier, with a wide range of services, a One Stop Shop offering everything related to the car ownership.

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Bilia's vision is to be the best service company in the business – through consideration for our customers and colleagues. We strive for continuous development, to be a little better each day, whatever our position and duties.

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Bilia creates value for its stakeholders, owners, customers, employees, financiers and suppliers as well as for the society and environment.

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Bilia's sustainability work includes caring for the business and employees, the outside world and the relationship with the customer.

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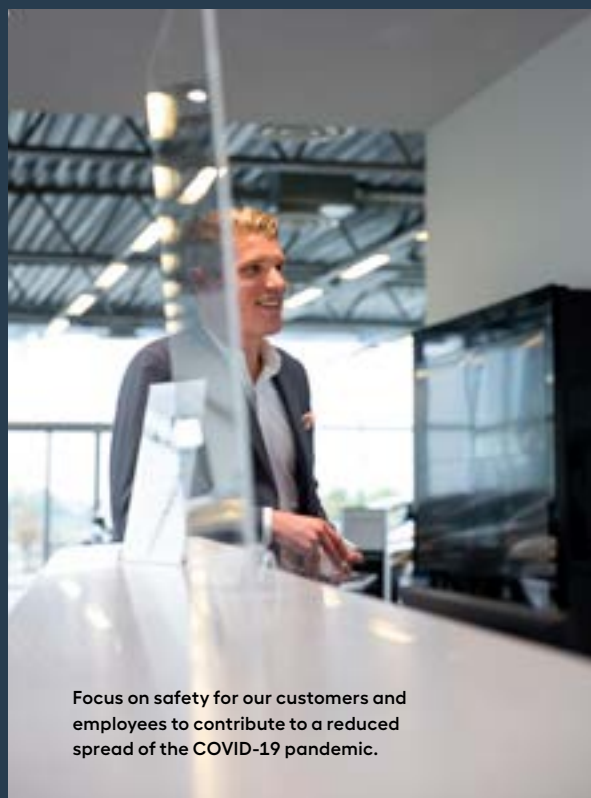
Bilia works to ensure that the company is managed in a way that is sustainable, responsible and efficient for the shareholders.

## Group Management 39

## Board of Directors 40

## The Bilia share 42

The Bilia share has been listed on the Nasdaq Stockholm exchange since 1984. The share is traded under the ticker code BILIA. At 31 December 2020, the market capitalisation amounted to SEK 10.4 Bn.



Focus on safety for our customers and employees to contribute to a reduced spread of the COVID-19 pandemic.

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This information has been made public in accordance with the Securities Market Act on 18 March 2021.

# This is Bilia

One of Europe's largest car dealers

## BUSINESS AREAS

### Service

- Service centres
- Damage centres
- Spare parts
- Stores and e-commerce
- Tyre centres
- Tyre hotels
- Glass centres
- Accessory services
- Car dismantling

### Car

- Sales of new and used cars
- Financing and insurance
- Sales of accessories

### Fuel

- Fuel sales
- Car washes

## KEY FIGURES 2020

MARKET CAPITALISATION

SEK **10.4** Bn

EMPLOYEES

**4,646**

SOLD CARS, NEW & USED, ABOUT

**95,000**

TOTAL TURNOVER

SEK **30.2** Bn

UNDERLYING GROWTH IN THE SERVICE BUSINESS, SWEDEN AND NORWAY

**5 %**

TURNOVER OUTSIDE OF SWEDEN

**39 %**

## OUR EIGHT CAR BRANDS

**V O L V O**



**DACIA**



## Here is Bilia

### TOTAL NUMBER OF FACILITIES

# 137

### NUMBER AND TURNOVER BY COUNTRY

	Number	Share of turnover
Sweden	97	61 %
Norway	27	27 %
Germany	7	3 %
Luxembourg	1	4 %
Belgium	5	5 %

## 2020 in brief

### FIRST QUARTER

✓ Bilia's Group Management was expanded by four people to include Elin Delvert, HR Director, Magnus Karlsson, CIO, Mathias Nilsson, MD of Bilia Personbilar AB, Sweden and Anders Rydheimer, Director of Communication.

✓ Bilia refinanced its current loan and credit facilities of SEK 1.5 Bn, with ordinary maturity during the third quarter of 2020.

✓ In March the Board of Bilia AB decided, due to the spread of COVID-19, to postpone the AGM until a later date.

### SECOND QUARTER

✓ Prior to the company's 2020 AGM on 22 June, the Board of Directors of Bilia AB decided to withdraw its previous proposal for an ordinary dividend of SEK 5.25 per share, to be paid on two occasions.

### THIRD QUARTER

✓ In August Bilia concluded an agreement to acquire Jönköpings Bildemontering AB, ECRIS AB and the property company that owns the property in which the two companies' operations are run. Bilia is scheduled to take over the operations in November 2020.

✓ On 1 September it was announced that Bilia's subsidiary, Netbil Begagnat AB, has opened a new facility for sales of used cars in Skövde.

### FOURTH QUARTER

✓ In October, Bilia repurchased SEK 370 M of the SEK 500 M of the outstanding unsecured bond loans with ordinary maturity in March 2021. At the same time a new bond loan was issued to a value of SEK 500 M.

✓ In November, it was announced that Bilia received notice of termination of dealer agreements for Volvo in Sweden and Norway. During the notice period which is two years, the business is conducted as before. Bilia intends to continue with the Service Business and sales of used Volvo cars also after the notice period.

✓ On December 8, Bilia informed that the Board of Bilia AB has decided to repurchase a maximum of 2,000,000 own shares.



# Record results for the year despite the pandemic

**RECORD RESULTS.** I am very proud of how we together in the Bilja family, during the past year, adapted our operation to prevailing circumstances, with focus on consideration and safety for our customers and employees. Despite the COVID-19 pandemic, we reported the highest result ever for a full year. The strong result was mainly attributable to the Service Business and sales of used cars.

## “Focus on consideration and safety for our customers and employees”

**T**he pandemic has made its mark on 2020 in a way we could never have imagined at the beginning of the year. We have run our business with focus on special measures for safety and consideration for our customers and employees. Circumstances have changed quickly during the year, and we have adapted our operation on an ongoing basis, to help stop the spread of infection by following government recommendations, using personal protective equipment, and limiting physical contact wherever possible.

With the uncertainty of the future the pandemic has entailed, we have focused on reducing our costs and improving liquidity. In the spring we stopped recruitment, purchasing and business travel, and at the end of the year there were almost 380 fewer people in the Group than at the beginning. Bilia finished 2020 with a strong financial position thanks to the focus on liquidity, and also refinanced credit facilities and bond loans.

### Service Business brings stability in profitability

The Service Business is a vital part of our business strategy to be a full-service supplier, a One Stop Shop that provides everything a car owner needs. The Service Business has been impacted relatively little by the ongoing pandemic, as well as it's normally less impacted by economic fluctuations. It helps Bilia to maintain good stability in profitability, and during 2020 it contributed approximately 70 per cent to our operational earnings. At the end of 2020, we had 120,000 service subscriptions, an increase by 5 per cent during the year.

### Bilia's sustainability and growth strategy

As part of our sustainability and growth strategy, we acquired another car dismantling company, that utilises and reuses car parts in a way that is sustainable for both the business and the environment. We have continued our strategic initiative on

used cars, older than three years, of all car brands, with sales taking place via both online auctions and in showrooms. We now have a total of seven facilities in Sweden and in Norway.

At the end of the year, we received a termination from Volvo Cars of Bilia's dealer agreements in Sweden and Norway. Business will continue as before during the two-year period of notice. In 2020, we incurred a first cost for an initial restructuring of the business. Bilia has applied for, and expects to receive, renewed authorisation to continue, after the end of the notice period, to conduct service and damage business for Volvo. The termination does not include sales of used cars. We have ongoing discussions with Volvo on continuing cooperation, while at the same time intensifying our work on future growth opportunities in the Service Business, used cars and sustainability. We are continuing the already begun process of expansion of our other car brands, as well as with new possible car brands.

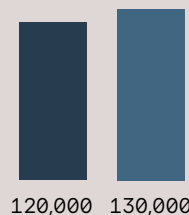
The car industry is undergoing transformation globally, and we are convinced that Bilia will play an important role also for the future's car owners. Bilia's vision is to be the best service company in the industry – through consideration for our customers and colleagues. We also aim, in 2021 as in 2020, to exceed customers' expectations and have the highest customer satisfaction in the industry. All in all, I am very proud of how Bilia's employees have, under tough circumstances, found new ways to drive Bilia forward in a considerate way for the business, and our customers and employees. Together we reported new record results for the past year, and I now look forward to, continuing together, developing Bilia's business as we move forward.

Gothenburg, March 2021

**Per Avander**  
CEO and Managing Director

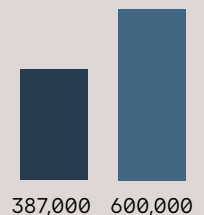


Bilia opened another three facilities for used cars in 2020. In total, Bilia now has seven facilities, as a part of the strategic focus on sales of used cars.



**120,000**

Bilia has more than 120,000 service subscriptions. We are aiming to increase to 130,000 in 2021.



**387,000**

Number of stored wheels in the Group. The long-term goal is 600,000.

# Receptiveness and consideration help us through the pandemic

**EMPLOYEES.** With strong core values and a compass based on pride and consideration, Bilia has what it takes to bring us through the challenges of the pandemic together.

The spread of COVID-19 put a stop to our ability to meet up in the way we used to, and this has led to new ways of working and new customer solutions. By being receptive to customers' new needs, we developed our service offering with a pick-up and drop-off service, key drop-boxes and individually customised car deliveries.

**“Together we’re taking responsibility for customers’ and each other’s health”**

Internally, the rate of digitalisation has increased for meetings, communication and training. The employees have shown great respect for each other’s health, and have worked together to adapt to the new circumstances. All in all, the challenges of 2020 have led to a stronger sense of community and higher efficiency, while also having a positive effect on the environment.

**Proud and considerate employees**

Dedicated, competent employees are vital to Bilia’s continued success. At Bilia all employees should have the opportunity to develop, and the working climate should create dedication



to achieve set goals. All of this requires good leadership, and at Bilia we place a premium on identifying and developing the Group’s leaders. The internal strategy is based on leadership that creates proud and considerate employees.

**Strong leadership is a success factor for Bilia**

Bilia has Group-wide leadership expectations based on five basic principles: leading by example, taking ownership, building commitment, executing decisions, and driving results. Being a good manager requires being open to personal development, and all managers are responsible for supporting and promoting the well-being of employees and teams. Employees are supported in developing and achieving their optimum level of performance in every phase of their development.

The foundation of professional development is the regular performance appraisal which all employees have with their immediate manager. To ensure that the internal strategy is working, annual employee surveys are carried out using an independent research company. These surveys show a good response rate, strong results, as well as a positive trend over time. All the indexes, such as leadership, commitment, team efficiency and psychosocial work environment, are above average both in general and in comparison with the industry. Follow-up of the employee survey with regard to improvement measures is a priority. All of the company’s departments draw up action plans. The aim is to identify areas with potential for improvement, and to strive to be even better.

The strong results have qualified Bilia for the research company Brilliant’s Powered by People Employee Experience Award

Top 5, in the category of best employee experience for service organisations – year after year.





Strong leadership is a success factor for Bilia. A leadership with focus on dedication and competence leads to proud and considerate employees, which in turn leads to satisfied customers. Satisfied customers are fundamental to sustainable profit development and satisfied shareholders.

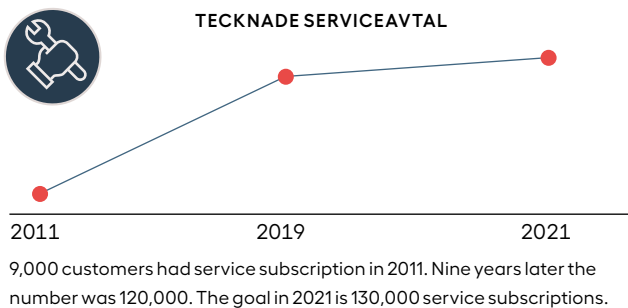
# Assistance with everything related to car ownership

**ALL UNDER ONE ROOF.** Bilia is a full-service supplier with a wide range of services, a One Stop Shop offering everything related to owning a car. Customers are treated as guests and we aim always to create a better experience.

Bilia's business model is based on the customer's need for a new or used car. Contact with Bilia takes place online and/or in a visit to one of our showrooms. Bilia offers private and business customers a wide range of models and fuel options to suit different customer requirements. In connection with a car purchase, customers are offered financing and insurance solutions. In Sweden customers are offered Bilia's payment card and the Car-Pay mobile app to finance their car ownership. Customers are also offered services to simplify their car ownership, such as ser-

vice and wheel storage subscriptions. Service subscriptions make life easy for the customers, with a fixed monthly cost. For Bilia's part they enable efficient planning and a well-balanced workload in its Service Business. Bilia has the chance to meet the customers repeatedly during the subscription period, thus strengthening relations and presenting opportunities to offer further car-related services. The wheel storage service simplifies wheel changes and makes storage easier for the customer, while also giving Bilia more chances to check if the car needs anything else. There has been a strong upward trend in both service and wheel storage subscriptions. At the end of 2020 Bilia had 120,000 service subscriptions and 387,000 wheel storage subscriptions.

Bilia offers services for everything related to car ownership throughout its life cycle, from new to used car, to recycling parts from a dismantled car. For instance Bilia offers fuel, car washing, rental cars, tyres and wheels, car accessories, car care, servicing and repairs, paintwork and window treatment, and dent removal. Bilia has regular contact with its customer base through customer-specific offers related to car ownership. The business model puts the customer in focus and is developed in line with customer needs and requirements.



## Bilia's growth strategy

In the past eight years Bilia has acquired 28 companies, which has led to expansion in new countries, as well as of new brands and new business areas. Bilia has a strategy to grow by 5–10 per cent a year over a business cycle. From 2012 to 2020, Group turnover increased by 71 per cent and the number of employees increased by 50 per cent.

Several acquisitions in recent years have been in Belgium, Luxembourg and Germany, which has resulted in Bilia moving into new countries with the car brands BMW and MINI.

In November 2020 Bilia took over the car dismantling Jönköpings Bildemontering AB and ECRIS AB which together were an important contribution to Bilia's sustainability focus. With these two companies we have acquired a total of four companies which means a better supply of used and renovated spare parts to our damage centres. In 2019 we acquired Furubakken service workshop and the Volvo dealership, along with its' service workshop, Jensen & Scheele Bil AS in Halden, Norway. En Bättre Däckaffär Scandinavia AB in Stockholm, Sweden was also added in 2019.

From 2018 to 2020, Bilia has opened seven new facilities as part of the strategic initiative for sales of used cars, older than three years and of all car brands, under the name Netbil Begagnat (name changed to Bilia Outlet). Also in 2020 Bilia has continued to slightly increase the number of newly recruited technicians to meet the higher demand within the Service Business, which is the result of strong car sales in recent years. Bilia can see opportunities for further acquisitions in Sweden, Norway and the rest of Europe. As regards future acquisitions outside of the Nordics, Bilia is primarily focusing on countries such as Luxembourg, Belgium, Poland, the Baltics and Switzerland.

Growth from 2012 to 2020

71%

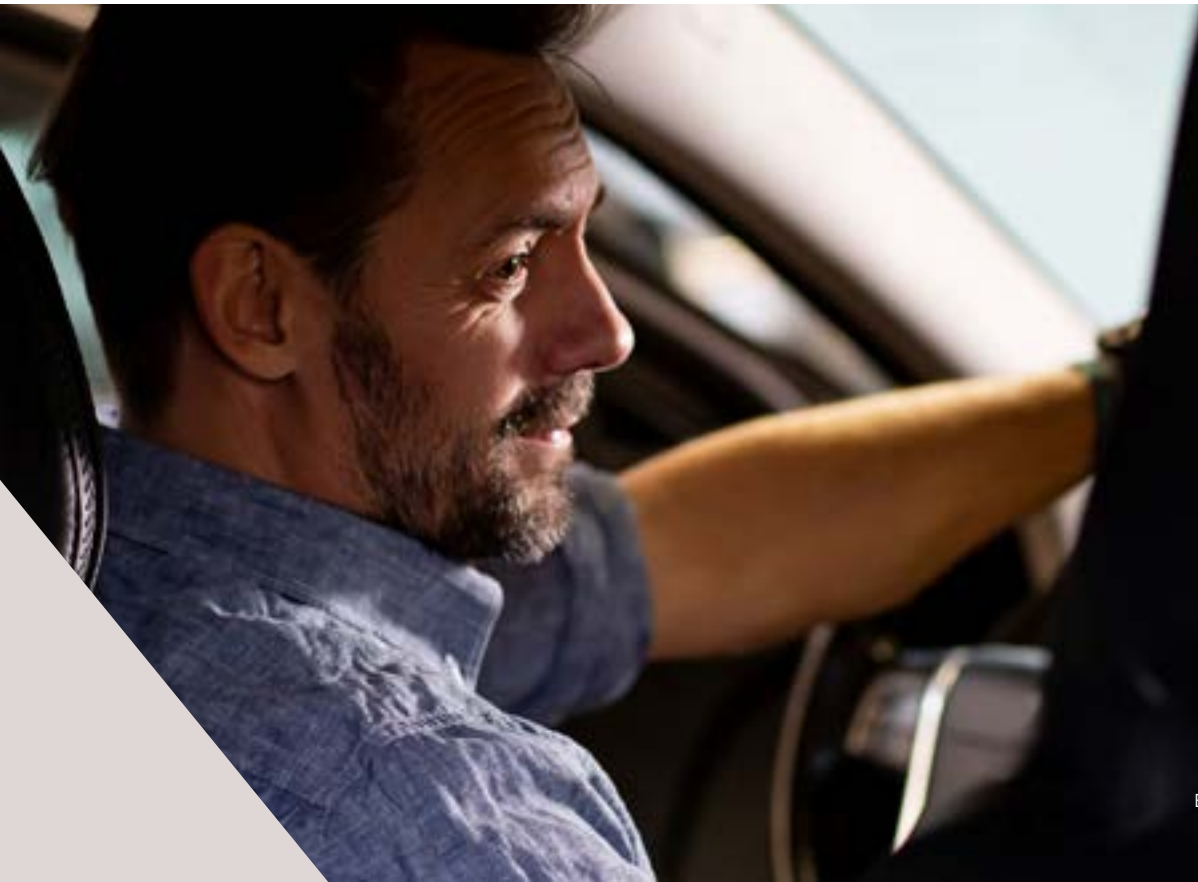
How much Bilia wants to grow yearly over a business cycle

5-10%



- Car purchase**  
 Financing, insurance, the Bilja-card, service subscriptions, tyre hotels, paint shops, accessory and tyre and wheel sales.
- Store**  
 Accessories, spare parts and e-commerce.
- Glass centres**  
 Glass treatment, glass repair and windscreen replacement.
- Tyre centres**  
 Tyre hotels, wheel change, tyre and wheel sales and workshop services.
- Stations**  
 Fuels and car washes.
- Service centres**  
 Original service, personal service technicians and repairs.
- Car care**  
 Reconditioning and AC-cleaning.
- Damage centres**  
 Roadside assistance, body shop, paint shop and dent removal.
- Rental cars**  
 Rentals and Flexlease.
- Bilja Reuse**  
 Dismantling, rim repair, reuse and sales of used car parts.
- Customer service**  
 Telephone and online.

Bilja offers services for the entire car's life cycle, from the purchase of a new car to recycling parts from a dismantled car.



Overall, Netbil Begagnat (name changed to Bilja Outlet) now have six facilities in Sweden and one in Norway.

# A better experience

**EXPERIENCE.** At Bilia we strive for continuous development, to be a little better each day, whatever our title or position. Working in a goal-conscious way founded on our vision, core values and customer promise creates a positive spiral, enabling us to exceed expectations and provide a better experience for customers and colleagues alike.

## VISION

The best service company in the business – through consideration for our customers and colleagues.

Bilia strives to be the best service company in the business, with full-service workshops, showrooms and a customer service offering high availability. Through consideration and professional pride, Bilia establishes a relationship with the customer that is crucial to the customer's choice. Our customer relations distinguish us from other competitors in the industry.

## CULTURE AND CORE VALUES

Dedication, Competence, Genuine, Respect.

Bilia's culture and core values govern our attitude and the way we interact. At Bilia we are engaged in the meeting with customers, with each other and with suppliers. We show competence by using our expertise to find solutions and suggestions that benefit the customer the most. Being genuine and showing mutual respect build confidence in Bilia and its employees.

## CUSTOMER PROMISE

A better experience.

Through management by objectives, monitoring and quality processes, Bilia works goal-consciously to be a little better every day. Our general goal is to create an experience that exceeds the customer's expectations, and adds value that distinguishes Bilia from its competitors.

## “Important with service where we are”

**BUSINESS CUSTOMER.** Libergs is one of Sweden's largest scaffolding companies, with operations at ten locations. Customers include major construction and industrial companies nationwide. In addition to the approximately 230 employees, the company also uses 200 subcontractors, who regularly help to erect the scaffolds. Keeping the service vehicles rolling is an important part of the process – and this is where Bilia helps out.

When the company was expanding its operation through acquisitions in 2015, it turned to Bilia as a business partner that could service the vehicle fleet regardless of location. Today, Libergs has a total of 100 vehicles in its operation, including 80 Renault transport vehicles and 20 Volvo cars.

“One of the main reasons for choosing Bilia was that they are well established with service points where we operate, and also have a good selection of vehicles,” says Kjell Sundlin, MD of Libergs Sweden AB.

Since Libergs carries heavy, oversized materials, they primarily use heavy lorries for the main transportation, using transport vehicles for smaller loads and service jobs.

“For additional deliveries or smaller service jobs, our Renault cars are used extensively. That's why it's essential our fleet can keep running properly. Consequently, servicing is absolutely vital for us. We feel it's easy to book in for both service and repairs with Bilia,” Kjell concludes.



Bilia wants the customer to leave us with a positive sense of consideration, a better experience than what they expect.

## “Toyota was the obvious choice for us”

**BUSINESS CUSTOMER.** Since 2019, Bilia has been working with insurance company Länsförsäkringar on insurance of Toyota cars. When Länsförsäkringar began offering vermin control in the southern province of Skåne, they chose Bilia to supply its service vehicles and also signed an agreement for wheel storage, wheel change and service.

In November 2020, Länsförsäkringar ordered ten new vehicles. A cheerful group of vermin controllers turned up at Bilia in Malmö to collect their vehicles, along with Joacim Söder, MD of Länsförsäkringar Skåne.

“Now that we’re starting vermin control under our own auspices in Skåne and employing a lot of new colleagues, Toyota was the obvious choice for us,” says Joacim.

## “We needed a full-service solution for vehicle ownership”

**BUSINESS CUSTOMER.** The MD of Målerifakta, Robert Falck, has a long relationship with Bilia as both a private and business customer. Målerifakta currently has 42 Volvo cars in its fleet, and a further 12 have been ordered for 2021.

Customers include employers and employees in the painting and decorating industry across Sweden. The company currently has 56 employees who are wherever the customers are, all over the country.

“We chose Bilia as they could provide a full-service solution for vehicle ownership including financing, insurance, servicing, repair and wheel services. Each of our drivers takes care of their own vehicle, so it feels great to have a solid, full-service agreement in place,” says Robert.

# How Bilia create value

**VALUE CREATION.** Our resources, vision and business model create lasting value for our customers and stakeholders.

## Bilia's resources

### Relational capital

Customers, general agents, manufacturers, property owners, business partners and decision-makers that Bilia meets face-to-face, by video, and also by digital media as our website, on Facebook, Instagram, LinkedIn and Twitter.

### Intellectual capital

120,000 service subscriptions and 387,000 wheels stored in our tyre hotels to create a favourable offering for the customers, ensuring simplicity of car ownership. Through our business partners we have access to products and services in line with technological developments, benefiting our customers and employees.

### Human capital

4,646 employees in five countries, Sweden, Norway, Germany, Luxembourg and Belgium, all actively helping to provide our customers with a better experience and evolve Bilia further, enabling the Group to achieve its financial goals. Employees work mainly in the Service Business, Car Business, and Fuel Business.

### Material capital

137 facilities in five countries, where customers can meet us to get help to buy a new or used car, purchase car accessories, buy vehicle fuel and wash, service or repair of their car and other services that simplify owning a car.

### Financial capital

SEK 8,833 M invested capital from shareholders, lenders and lessors. SEK 1,572 M reinvested into the operation in the form of facilities, machinery and equipment.

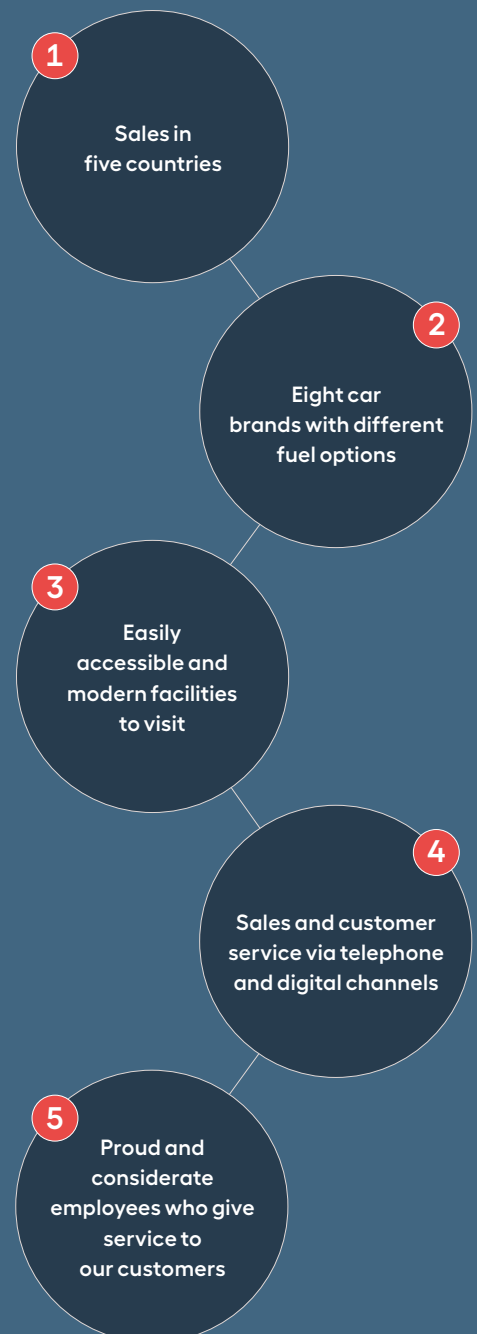
**120,000**  
service subscriptions

**4,646**  
employees  
in five countries

**137**  
facilities  
in five countries

**8,833**  
SEK M invested  
capital

## Bilia offers



## Sustainable value creation

### Shareholders

- Profit for the year SEK 984 M
- Proposed dividend of SEK 6.00 per share
- Market capitalisation of SEK 10,424 M

**-5.1 %**

Total return on the Bilia share, Proposed dividend of SEK 5.25 for 2020 was withdrawn.

### Customers

- A better experience
- Simple car ownership
- A considerate service company

**4.9**

percentage points higher customer satisfaction compared to other dealers in Sweden and Norway.

### Employees

- Job opportunities
- Professional and personal development
- Pay, pension and benefits

**84 %**

Employee dedication index compared to 79 % for benchmark.

### Financiers and suppliers

- Long-term, mutually beneficial partnerships
- Lease payments of around SEK 515 M
- Interest payments of around SEK 72 M

**-0.2**

times. The ratio of net debt to EBITDA, excluding IFRS 16, compared to our financial goal of 2.0 times.

### Society and the environment

- Reduced energy consumption and emissions to land, water and air
- Focus on a safe, healthy working environment
- Strives to contribute to sustainable production and consumption

**85 %**

Share of ISO-certified facilities in Sweden and Norway.

## 5 reasons to invest

1

### Business model focused on development

Bilia's business model is to be a full-service supplier that offers everything a car owner needs. This is why our services are developed continuously, based on customers' wishes and requirements.

2

### Digitalisation for better availability

Bilia's operations are primarily run from around 140 facilities, but digital media are also used to simplify and improve our contact with and services for customers.

3

### Strong business partners

Bilia works with selected business partners, who contribute competitive products and services to Bilia's overall offering to customers.

4

### Proud employees

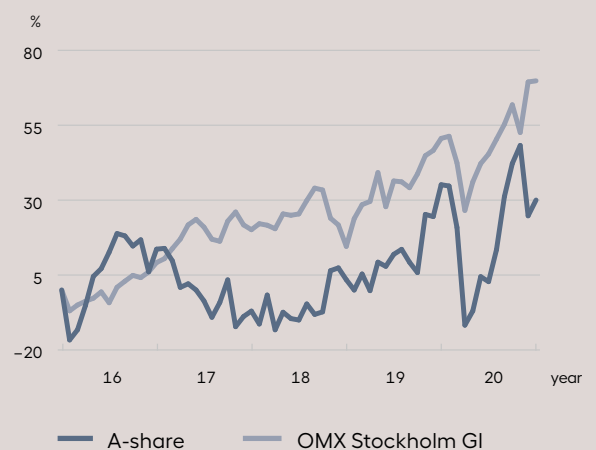
Our corporate culture is based on proud, dedicated, considerate co-workers and leaders, and we see this as fundamental in offering a better experience and ensuring satisfied, loyal customers.

5

### Stable financial position

Bilia has a majority owner with a long-term outlook, and a strong financial position. Credit limits and bond loans were refinanced during 2020.

TOTAL RETURN OF BILIA SHARE



Source: Nasdaq

# Directors' Report

**GROUP AND PARENT COMPANY.** The Board of Directors and Managing Director of Bilia AB (publ), Corp. ID no. 556112-5690, hereby submit their annual accounts and consolidated accounts for financial year 2020. The Bilia Group is referred to as Bilia. When only the Parent Company is being referred to, it is called Bilia AB.

## Operations – general

Bilia is one of Europe's largest car dealers, with a leading position in servicing and sales of new and used cars and transport vehicles plus supplementary services such as financing and insurance. Bilia has 137 facilities in Sweden, Norway, Germany, Luxembourg and Belgium plus two online auction sites, one in Sweden and one in Norway.

Bilia's vision is to be the best service company in the business – through consideration for our customers and colleagues. Bilia strives continuously to be the best service company in the business through full-service workshops, showrooms and a customer service, with high availability.

Bilia's Service Business includes a well-developed range of services and service concepts that are continuously developed to simplify the car ownership for the customers. The Service

Business includes workshop services, spare parts, store sales and e-commerce.

Bilia's Car Business includes sales of both new and used cars and transport vehicles, plus supplementary services such as financing and insurance. Bilia sells cars from Volvo, BMW, Toyota, Renault, Lexus, MINI, Dacia and Alpine and transport vehicles from Renault, Toyota and Dacia.

Bilia's Fuel Business comprises the sale of fuels and car washes.

## The Bilia share

The total number of shares in the company at 31 December 2020 was 102,799,952, including holdings of own shares of 3,886,210. All issued shares are of Series A. It is also possible to issue B shares according to the Articles of Association, but this has not been done. All issued shares have equal rights in the

## Financial goals

Bilia's financial goals are long-term and apply over a business cycle.

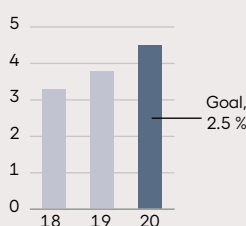
Bilia's overall financial goals were fulfilled 2020, as below:

- Operational margin 4.5 per cent (goal 2.5)
- Return on equity 27.5 per cent (goal 18.0)
- Payout ratio 60 per cent (goal over 50)
- Total growth 2.2 per cent (goal 5–10)
- Ratio of net debt to EBITDA, excluding IFRS 16, -0.2 times (goal not over 2.0)

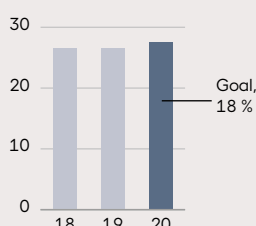
From 2018 to 2020 Bilia did not for the individual years reach the goal in growth, that is 5-10 per cent under business cycle. The average growth over the past five years was 8 per cent. Goal fulfillment for net debt in relation to EBITDA, times, is measured excluding IFRS 16.

## Goals and goal fulfillment

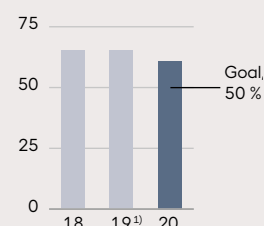
OPERATING MARGIN, %



RETURN ON EQUITY, %

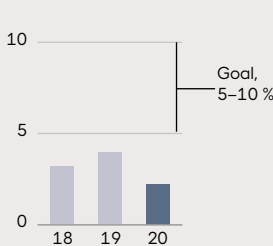


PAYOUT RATIO, %

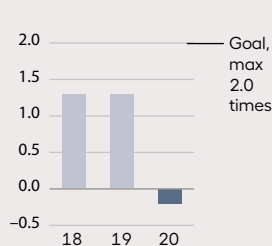


<sup>1)</sup> The dividend was withdrawn due to COVID-19 restrictions.

TOTAL GROWTH, %



RATIO OF NET DEBT TO EBITDA, TIMES



**”In 2020, operations were affected by COVID-19 spread, why the focus was on safety, costs and liquidity”**



## Notable events

✓ Bilia's Group Management was expanded by four people to include Elin Delvert, HR Director, Magnus Karlsson, CIO, Mathias Nilsson, MD of Bilia Personbilar AB, Sweden and Anders Rydheimer, Director of Communication.

✓ In March, Bilia refinanced its current loan and credit facilities of SEK 1.5 Bn, with ordinary maturity during the third quarter of 2020. The new credit facilities amounted to SEK 1.5 Bn, of which SEK 900 M in revolving loans and SEK 600 M in overdraft facilities under essentially unaltered conditions.

✓ In March, the Board of Bilia AB decided, due to the spread of COVID-19, to postpone the AGM until a later date. The proposal to pay a dividend will be reviewed prior to the meeting. Nine of Bilia's 135 facilities were closed completely in line with government decisions. In Sweden and Norway, all the facilities were open.

✓ Prior to the company's 2020 AGM on 22 June, the Board of Directors of Bilia AB decided to withdraw its previous proposal for an ordinary dividend of SEK 5.25 per share, to be paid on two occasions. The Nominating Committee of Bilia AB revised its previous proposal to the 2020 AGM and proposed unchanged Board fees compared to 2019, with the exception of the fee to the newly formed Property Committee.

✓ In August Bilia concluded an agreement to acquire Jönköpings Bildemontering AB, ECRIS AB and the property company that owns the property in which the two companies' operations are run. In recent years, the acquired operations have reported average turnover of around SEK 140 M and an average operating margin of around 15 per cent.

✓ Bilia's subsidiary, Netbil Begagnat AB, opened during the summer a new facility for sales of used cars in Skövde. Another new facility was opened in Västerås during November.

✓ In October, Bilia repurchased SEK 370 M of the SEK 500 M of total outstanding unsecured bond loans with ordinary maturity in March 2021. At the same time, a new senior unsecured bond loan was issued to a value of SEK 500 M with final maturity in October 2025.

✓ In November, Bilia received notice of termination of current dealer agreements for Volvo in Sweden and Norway. The notice period is two years and affects both the Car Business and the Service Business. During the notice period, the business is conducted as before. Bilia intends to continue with service and damage operations and sales of used Volvo cars also after the two-year notice period.

✓ On 8 December, Bilia's Board decided to buy back a maximum of 2,000,000 own shares. The main reason for the repurchasing programme is to give the company flexibility regarding its equity and thereby optimise the capital structure of the company.

company and are entitled to one vote at the Annual General Meeting (AGM). Bilia's shares are listed on Nasdaq Stockholm and can be transferred freely there, subject to the rules of the exchange.

Bilia has no knowledge of any shareholders' agreements between Bilia's shareholders.

The 2020 AGM authorised the Board of Directors to buy back Bilia shares equivalent to no more than 10 per cent of the total number of shares in the company. At the same time, the Board was also authorised to dispose of Bilia shares. Bilia has exercised the authorisation during 2020 to buy back Bilia shares and has during the year repurchased 1,220,000 of its own shares and at the end of the year, the total number of own shares corresponded to 3.8 per cent of the total number of shares. During 2019 and 2017, 817,210 and 1,849,000 shares were repurchased.

### Key figures

In addition to financial definitions according to IFRS standards, key ratios are used which are considered to give investors and Bilia's management a complement to IFRS to assess Bilia's performance. For definitions, see page 114.

	2018	2019	2020
<b>Bilia Group</b>			
Net turnover, SEK M	28,382	29,508	30,168
Operational earnings, SEK M	1,034	1,239	1,593
Operational margin, %	3.6	4.2	5.3
Operating profit, SEK M	943	1,125	1,364
Profit before tax, SEK M	922	1,014	1,260
Net profit for the year, SEK M	734	807	984
Earnings per share, SEK	7.25	8.00	9.85
Ratio of net debt to EBITDA, excluding IFRS 16, times	1.3	1.3	-0.2
Return on capital employed, %	20.5	15.8 <sup>1)</sup>	16.7
Return on equity, %	26.5	26.5	27.5
Operating cash flow, SEK M	542	855 <sup>2)</sup>	2,872
Equity/assets ratio, %	24	20 <sup>3)</sup>	24
Equity per share, SEK	29	32	40
Number of employees, 31 December	4,785	4,978	4,646

<sup>1)</sup> Return on capital employed in 2019 amounted to 20.8 per cent, excl. IFRS 16.

<sup>2)</sup> Operating cash flow in 2019 amounted to SEK 423 M, excluding IFRS 16.

<sup>3)</sup> Equity/assets ratio amounted in 2019 to 24 per cent, excluding IFRS 16.

## Sales and earnings

Net turnover amounted to SEK 30,168 M (29,508). For comparable operations and adjusted for exchange rate fluctuations, net turnover was 3 per cent higher than last year.

Operating profit amounted to SEK 1,364 M (1,125). Operating profit for 2020 was negatively affected by structural costs of SEK 136 M, which can mainly be attributed to an initial assessment of restructuring of the operations related to Volvo Cars' termination of Bilica's dealer agreements, the closure of three of a total of seven facilities in Germany, redundancy of personnel and relocation of operation in Sweden. The operational earnings amounted to SEK 1,593 M (1,239). The operational margin was 5.3 per cent (4.2).

The Service Business reported a profit higher than last year, attributed to higher gross profit margin and lower costs.

The Car Business recorded a profit that was higher than last year, attributed to sales of both new and used cars.

The Group's underlying overheads were around 5 per cent lower compared with last year. Overheads amounted to 11.7 per cent of net turnover, which was 1.2 percentage points lower than last year. As a result of the profit level and customer satisfaction during the year, a provision totalling SEK 25 M (29) was made for employee bonuses in Sweden.

The operation in Sweden reported a profit of SEK 1,178 M (950). The margin amounted to 6.4 per cent (5.3). Profit in the Norwegian operation amounted to SEK 444 M (277). The margin was 5.5 per cent (3.7). The operation in Western Europe reported a profit of SEK 41 M (91). The margin was 1.1 per cent (2.2). The operating loss for the Parent Company for the whole year amounted to SEK -76 M (-84).

Profit for the year amounted to SEK 984 M (807). Earnings per share amounted to SEK 9.85 (8.00). Exchange rate fluctuations affected the period's results negatively attributable to the Norwegian krone.

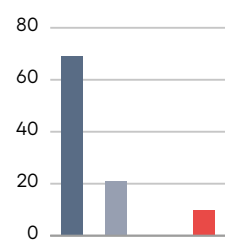
### GROUP DIVIDED INTO SERVICE, CAR AND FUEL BUSINESS

	Net turnover, SEK M <sup>1)</sup>			Operational earnings, SEK M			Margin, %		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Service Business	6,453	7,052	6,971	766	945	1,157	11.9	13.4	16.6
Car Business	21,988	22,678	23,616	304	348	477	1.4	1.5	2.0
Fuel Business	1,297	1,338	1,093	30	25	29	2.3	1.8	2.7
Parent Company, other	-1,356	-1,560	-1,512	-66	-79	-70	—	—	—
<b>Total</b>	<b>28,382</b>	<b>29,508</b>	<b>30,168</b>	<b>1,034</b>	<b>1,239</b>	<b>1,593</b>	<b>3.6</b>	<b>4.2</b>	<b>5.3</b>

The Service Business includes workshop services, spare parts and accessories. The Car Business includes sales of new and used cars plus supplementary services.

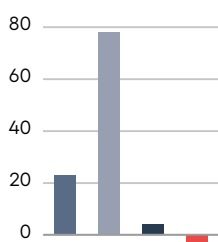
<sup>1)</sup> Net turnover does not include eliminations for internal sales regarding the segments.

#### SHARE OF EMPLOYEES, %



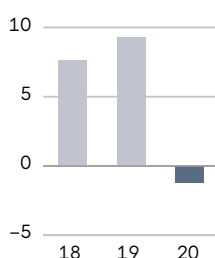
Service	69
Cars	21
Fuels	0
Parent Company, other	10

#### SHARE OF NET TURNOVER, %

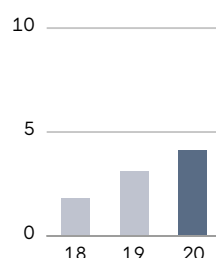


Service	23
Cars	78
Fuels	4
Parent Company, other	-5

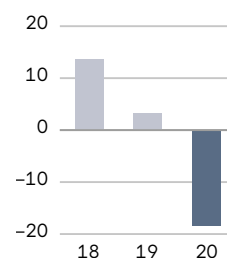
#### GROWTH SERVICE, %



#### GROWTH CARS, %



#### GROWTH FUELS, %



### GROUP

	Net turnover, SEK M			Operational earnings, SEK M			Margin, %		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Sweden	17,742	17,811	18,313	769	950	1,178	4.3	5.3	6.4
Norway	7,473	7,526	8,013	258	277	444	3.5	3.7	5.5
Western Europe	3,143	4,146	3,816	73	91	41	2.3	2.2	1.1
Parent Company, other	24	25	26	-66	-79	-70	—	—	—
<b>Total</b>	<b>28,382</b>	<b>29,508</b>	<b>30,168</b>	<b>1,034</b>	<b>1,239</b>	<b>1,593</b>	<b>3.6</b>	<b>4.2</b>	<b>5.3</b>

## Acquisition of non-current assets

Acquisitions of non-current assets amounted to SEK 231 M (246) excluding lease vehicles and SEK 1,572 M (1,906) including lease vehicles. Replacement investments represented SEK 50 M (48), expansion investments SEK 76 M (67), environmental investments SEK 4 M (45), investments in new construction and additions to properties SEK 69 M (53), leases SEK 32 M (33) and lease vehicles SEK 1,341 M (1,660).

## Financial position

The balance sheet total increased by SEK 335 M during 2020 and amounted to SEK 16,416 M. The increase was mainly attributable to higher cash and cash equivalents due to withdrawn dividend proposal and lower working capital.

Equity increased by SEK 782 M during 2020, amounting to SEK 3,968 M. During the fourth quarter, Bilia bought back

1,220,000 of its own shares, for a total purchase price of SEK 122 M. Bilia's total amount of own shares at 31 December 2020 was 3,886,210 shares.

The equity/assets ratio amounted to 24 per cent (20).

Net debt decreased by SEK 2,160 M in 2020 and amounted to SEK 2,333 M. The decrease is mainly explained by the strong cash flow during the year and the withdrawn dividend payment to shareholders. Excluding lease liabilities attributable to IFRS 16, net debt was positive and amounted to SEK -278 M, a decrease of SEK 2,151 M since December 2019. The ratio of net debt to EBITDA excluding IFRS 16 was -0.2 (minus due to positive net debt) compared with 1.3 in previous year.

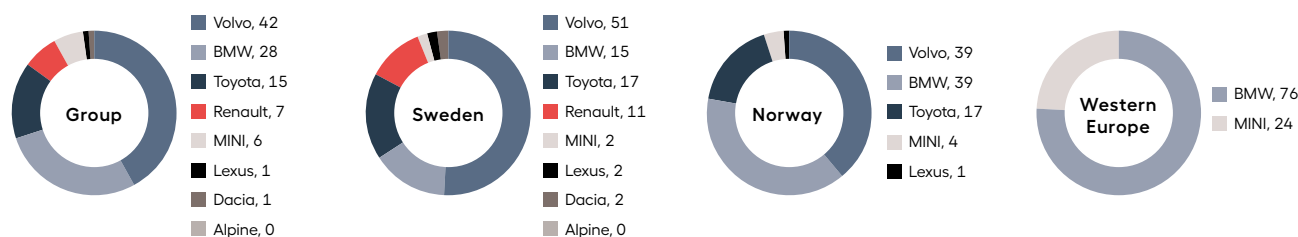
Liquidity remained good, and at the end of December a receivable of SEK 1,824 M (receivable: 55) was reported from the banks (Nordea and DNB). Bilia's combined credit limit with Nordea and DNB amounts to SEK 1,500 M.

## STATISTICS CAR AND SERVICE BUSINESS

Growth in the Service Business, %	Sweden			Norway			Total		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Change from last year	5.2	7.1	1.3	10.3	9.4	4.2	6.2	7.7	2.1
Underlying turnover	4.1	6.9	0.3	3.8	5.3	14.6	4.0	6.6	4.8
Calendar effect	0.4	0.0	-0.8	0.8	0.0	-1.2	0.5	0.0	-0.9
Adjusted turnover	4.5	6.9	-0.5	4.6	5.3	13.4	4.5	6.6	3.9

Number of cars	Deliveries, new cars			Deliveries, used cars			Order backlog, new cars		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Sweden	34,960	32,998	29,065	33,787	33,981	34,674	6,528	8,218	7,051
Norway	9,896	9,006	8,399	9,800	10,638	11,668	2,065	2,231	4,545
Western Europe	5,468	6,666	5,844	4,526	5,745	5,505	1,053	1,318	1,862
<b>Total</b>	<b>50,324</b>	<b>48,670</b>	<b>43,308</b>	<b>48,113</b>	<b>50,364</b>	<b>51,847</b>	<b>9,646</b>	<b>11,767</b>	<b>13,458</b>

## BILIA'S DELIVERIES OF NEW CARS BROKEN DOWN BY BRAND, %



## BILIA'S SHARE OF EACH BRAND'S SALES, %

	Volvo		BMW		Toyota		Renault		MINI		Lexus		Dacia		Alpine	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Sweden	28	24	25	25	20	20	31	25	23	25	41	34	24	13	100	100
Norway	35	34	34	32	8	9	—	—	39	30	17	23	—	—	—	—
Western Europe	—	—	2	2	—	—	—	—	3	2	—	—	—	—	—	—

# Highest earnings and margin ever

**SERVICE.** The Service Business includes services and concepts to simplify the car ownership. These encompass workshop services, spare parts, wheel storage, car dismantling, store sales and online sales.

## Market and business environment

As a result of high new car sales in recent years, the overall stock of cars is increasing, which in turn increases demand for services. During 2020, underlying turnover for the Group increased by approximately 2 per cent on last year, for Norway it increased by approximately 15 per cent, for Sweden it was unchanged and for Western Europe it declined by 25 per cent. Operations in Western Europe have partly been in lockdown due to COVID-19 restrictions, which explains the negative adjusted turnover.

Service subscriptions simplify car ownership for the customer and also allow Bilia regular meetings with its customers. The number of service subscriptions amounted to 120,000, an increase by 5 per cent compared to last year. The number of service subscriptions sold for used cars has increased, as a result of Bilia's strategic used car initiative for all car brands, under the name Netbil Begagnat (name changed to Bilia Outlet). The target is to have 130,000 service subscriptions within a year.

The number of wheel storage subscriptions amounted to 387,000, an increase by 11 per cent compared to last year. The long-term target is to store 600,000 wheels.

## Events during the year

In November, Jönköpings Bildemontering AB, ECRIS AB and the accompanying real estate company were taken over. The companies operate in car dismantling, sales of primarily used and renovated car parts, and renovation and storage of electric batteries. The companies will contribute to Bilia's sustainability programme by harnessing and reusing car parts in a way that is sustainable both for the business and the environment.

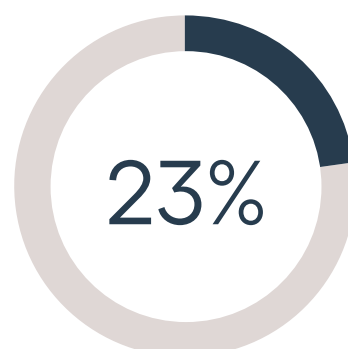
## Result development

Result development for the Service Business remained positive in 2020 and operational earnings increased by SEK 212 M or 22 per cent compared with last year. Operational earnings amounted to SEK 1,157 M (945), with a margin of 16.6 per cent (13.4). The improved profit was mainly attributable to lower costs and higher turnover compared with last year.

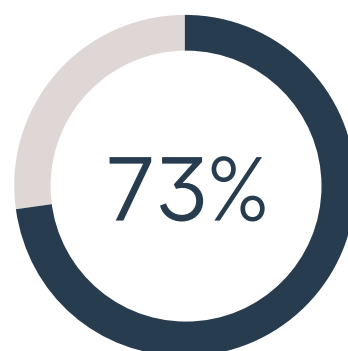
## Challenges and opportunities

Volvo Cars has terminated its dealer agreements with Bilia. Service and repair operations will, however, continue also after the notice period of two years. Bilia have applied for renewal of authorisation and expects to be approved as an authorised service provider for Volvo cars. A continued high stock of cars means high demand for servicing and repairs.

## Share of Bilia's net turnover 2020



## Share of Bilia's operational earnings 2020



## This is the Service Business

- Service centres
- Damage centres
- Spare parts
- Stores and e-commerce
- Tyre centres
- Tyre hotel
- Glass centres
- Accessory services
- Car dismantling

## Our brands

V O L V O DACIA



## SERVICE BUSINESS DIVIDED INTO GEOGRAPHIC MARKET

	Net turnover, SEK M <sup>1)</sup>		Operational earnings, SEK M		Margin, %	
	2020	2019	2020	2019	2020	2019
Sweden	4,498	4,442	831	674	18.5	15.2
Norway	1,862	1,786	273	205	14.6	11.5
Western Europe	611	824	53	66	8.6	8.1
<b>Total</b>	<b>6,971</b>	<b>7,052</b>	<b>1,157</b>	<b>945</b>	<b>16.6</b>	<b>13.4</b>

<sup>1)</sup> Net turnover includes internal deliveries.



Service subscriptions simplifies the car ownership for the customer and give Bilia recurring meetings with the customers.

**SWEDEN**



Underlying turnover in the Service Business in Sweden was on the same level as last year while the operational earnings increased by SEK 157 M and amounted to SEK 831 M (674). The higher earnings was primarily related to the workshops and lower costs compared to last year.

**NORWAY**



Underlying turnover in the Service Business in Norway increased by as much as 15 per cent partly related to service activities for Polestar cars. Operational earning increased by SEK 68 M and amounted to SEK 273 M (205). The higher earnings was attributable to higher turnover and lower costs.

**WESTERN EUROPE**

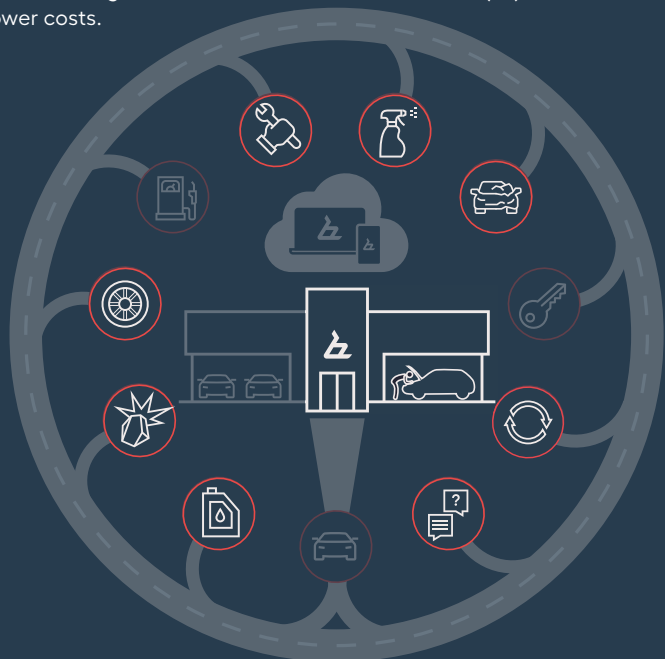


Underlying turnover in the Service Business in Western Europe decreased by 25 per cent which is primarily explained by a business lockdown due to COVID-19 restrictions during the year. Operational earnings decreased by SEK 13 M and amounted to SEK 53 M (66).

**SERVICE BUSINESS**

	2020	2019
Net turnover, SEK M <sup>1)</sup>	6,971	7,052
Share of net turnover, % <sup>2)</sup>	23	24
Growth, local currency, %	1.2	8.7
Operational earnings, SEK M	1,157	945
Margin, %	16.6	13.4
Number of employees	3,194	3,358
Number of facilities	112	108
Number of service subscriptions	120,000	114,000
Number of wheels in storage	387,000	348,000

<sup>1)</sup> Net turnover includes internal deliveries.



# Continued strong profit from used cars

**CAR.** In its Car Business, Bilia sells eight attractive car brands of new and used cars and transport vehicles. The car sale often leads on to financing, insurance, servicing, tyre hotel and other services during the car ownership.

## Market and business environment

The market for new cars was volatile during the year, due to the spread of COVID-19. Fewer new cars were registered compared to last year in all countries where we operate. Demand for used cars was strong, while demand for new cars was weaker. The order intake for new cars in the Group decreased by 11 per cent, by 20 per cent in Sweden, while in Norway increased with 17 per cent on last year. The order backlog for new cars in Norway was almost twice as high as last year. In Sweden, demand for electric and hybrid cars increased, which can be explained by new tax systems. In Norway the demand for electric cars remained high, there as a result of the prevailing tax system. In Germany, there continues to be stiff competition among the German brands for new cars. In Belgium and Luxembourg the premium segment that includes BMW saw stronger development than the market overall.

## Events during the year

Three new facilities for used cars were opened in Sweden under the name Netbil Begagnat (name changed to Bilia Outlet). There are now seven facilities in Bilia's strategic focus on sales of used cars of all brands. More used cars than new cars were sold in 2020.

## Result development

The Car Business' deliveries of new cars and transport vehicles for comparable operations decreased by 11 per cent.

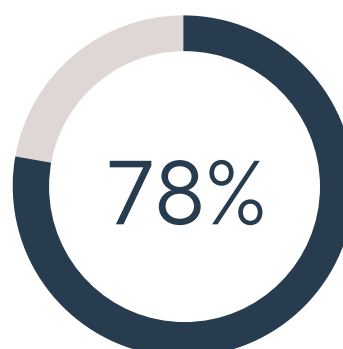
Deliveries of used cars increased by 3 per cent compared with last year. Turnover for the Car Business increased on last year by 4 per cent.

Operational earnings for the Car Business were SEK 129 M higher than last year and amounted to SEK 477 M (348). Profit from sales of used cars was the highest ever for a full-year and amounted to SEK 297 M (244). The higher result was mainly attributable to a higher turnover. Profit from sales of new cars amounted to SEK 180 M (104). The higher profit was mainly attributable to higher turnover and lower costs.

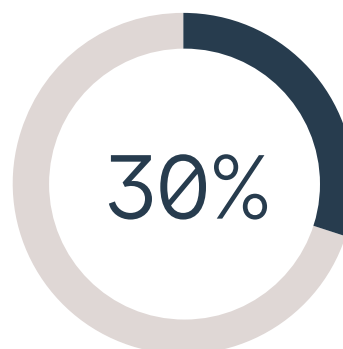
## Challenges and opportunities

Sales of new cars can be adversely impacted by new tax regulations. Sales of used cars tend to increase when sales of new cars decrease. Volvo Cars has terminated its dealer agreements with Bilia. At the present time this means it is uncertain whether Bilia will sell new Volvo cars after the two-year period of notice. Growth on existing and new markets along with existing car brands are focus areas moving forward.

## Share of Bilia's net turnover 2020



## Share of Bilia's operational earnings 2020



## This is the Car Business

- Sales of new and used cars
- Sales of accessories
- Financing and insurance

## Our brands

V O L V O DACIA



## CAR BUSINESS DIVIDED INTO GEOGRAPHIC MARKET

	Net turnover, SEK M <sup>1)</sup>		Operational earnings, SEK M		Margin, %	
	2020	2019	2020	2019	2020	2019
Sweden	13,666	13,052	318	251	2.3	1.9
Norway	6,643	6,204	171	72	2.6	1.2
Western Europe	3,307	3,422	-12	25	-0.4	0.7
<b>Total</b>	<b>23,616</b>	<b>22,678</b>	<b>477</b>	<b>348</b>	<b>2.0</b>	<b>1.5</b>

<sup>1)</sup> Net turnover does not include eliminations for internal sales.



The demand for used cars has been good during the year and deliveries increased by 3 per cent on 2019.

**SWEDEN**



The Car Business in Sweden reported an operational earnings of SEK 67 M higher compared to last year, attributable to sales of both new and used cars. The operational earnings from the sale of used cars amounted to SEK 192 M (196). The strong result was mainly attributable to a high turnover. The higher result of SEK 71 M from the sale of new cars and transport vehicles was attributable to higher turnover and lower costs compared to last year.

**NORWAY**



The Car Business in Norway reported an operational earnings of SEK 99 M higher than last year, attributable sales of both new and used cars. The higher result is for both explained by higher turnover and for used cars also by higher gross profit margins. The result from the sale of used cars amounted to SEK 100 M (44).

**WESTERN EUROPE**



The Car Business in Western Europe reported an operational earnings of SEK 37 M lower than last year. The lower result was attributable to new cars and was mainly explained by lower turnover and lower gross profit margin. The result from the sale of used cars amounted to SEK 5 M (3).

**CAR BUSINESS**

	2020	2019
Net turnover, SEK M <sup>1)</sup>	23,616	22,678
Share of net turnover, % <sup>1)</sup>	78	77
Growth, local currency, %	5.4	-0.1
Operational earnings, SEK M	477	348
Margin, %	2.0	1.5
New cars delivered	43,308	48,670
Used cars delivered	51,847	50,364
Number of employees	977	1,149
Number of facilities	95	96

<sup>1)</sup>Net turnover does not include eliminations for internal sales.



# Higher earnings despite lower volumes

**FUEL.** Bilia wants to follow the customer throughout the life of their car ownership, including washing and refuelling. Fuel sales and car washes mainly operate in Sweden under the brand names Tanka and Tvätta.

## Market and business environment

During the year the COVID-19 restrictions concerning the freedom of movement resulted in reduced driving. However, the car has been an important means of transportation for many people in the COVID-19 pandemic.

Sweden has rules whereby fuel retailers are obliged to help reduce climate impact. This could be achieved by adding biofuel, HVO, to the petrol and diesel they sell. By adding AdBlue for newer diesel cars, the environmental impact is reduced.

## Events during the year

Bilia has continued its efforts to renew the Tanka concept, make the service stations attractive, safe and accessible to customers. During the year we have taken specific measures to reduce the risk of spreading the virus at our Tanka stations.

At all our Tanka stations in Sweden, customers can now pay using the Car-Pay mobile app. The work on introducing HVO at our Tanka stations is ongoing

and now HVO is offered in the petrol and diesel sold at five stations.

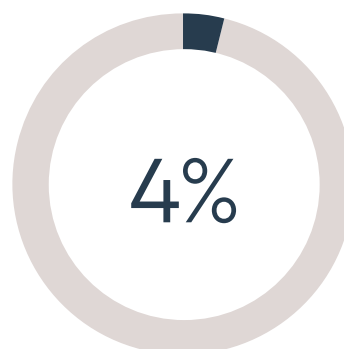
## Result development

The Fuel Business is concentrated to Sweden and profit for 2020 amounted to SEK 29 M (25). Sales of fuels decreased by 18 per cent. Bilia's customers did 144,000 car washes during the year.

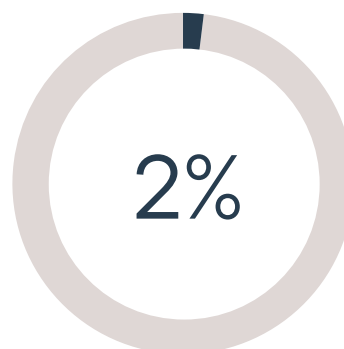
## Challenges and opportunities

It's a challenge getting approval for new locations so as to extend service and replace facilities that have been closed. The focus for the Tanka operations is to increase the share of renewable energy in order to contribute to a more sustainable society. The increasing number of electric and hybrid cars could affect fuel sales in the longer term, but could also present an opportunity to open our own charging stations in the future. The market for automated service stations for car washes is growing and we believe that the future car owners will want to wash their car in environmentally friendly car washes.

Share of Bilia's net turnover 2020



Share of Bilia's operational earnings 2020



## This is the Fuel Business

- Fuel sales
- Car washes

## Our brands



“We have cleaned pump handles, card terminals and touch displays several times a day to reduce the risk of virus spreading”

## FUEL BUSINESS

	Net turnover, SEK M <sup>1)</sup>		Operational earnings, SEK M		Margin, %	
	2020	2019	2020	2019	2020	2019
<b>Total</b>	<b>1,093</b>	<b>1,338</b>	<b>29</b>	<b>25</b>	<b>2.7</b>	<b>1.8</b>

<sup>1)</sup> Net turnover does not include eliminations for internal sales.





# Risks

● Risks and risk takings are a natural part of Bilia's business operations. A good understanding of the risks together with an efficient way of identifying, evaluating and managing the risks are important for Bilia's short-term and long-term success. Properly handled risks can add value and business benefits.

Bilia has a yearly formal process on Group level to identify, plan and reduce identified risks in the business. Some of the identified risks Bilia can influence while others are beyond the Group's control.

The following pages include a description of the risks that have been identified within the framework of Bilia's risk management process together with a short description of the opportunities associated with the risk area and the measures taken to manage these risks.

For financial risks see Note 28 "Financial risks and risk management".



RISK	RISK DESCRIPTION	OPPORTUNITIES AND MANAGEMENT
<b>Market risks</b>	Demand for Bilia's products and services are influenced by fluctuations in the business cycle. The Car Business is the part of the operations that are influenced most by changes in the business cycle. In a recession, some customers choose to postpone or cancel their car purchase. Factors that influence the business cycle and the market trend include the labor market situation, stock market performance, opportunities for customers to obtain financing, interest rate levels and fuel prices. Reduced demand for cars may also affect the value of cars in stock and cars sold with guaranteed residual values. Events such as natural disasters and pandemics can have significant direct or indirect consequences for Bilia's market and turnover, such as government lockdown, product shortage and economic downturn.	The Service and Fuel Businesses are less impacted by changes in the business cycle since cars require service, repairs and fuel regardless of the state of the economy. Sales of used cars are less affected by changes in the business cycle as customers choose a used car over a new car in these situations. However, a deep recession could also affect the Service Business and sales of used cars. Bilia continuously work close to the general agents to understand the market development in order to identify activities to secure sustainable sales and profitability. Events such as pandemics and natural disasters are managed in line with government rules and recommendations, the aim being to continue with business as usual as far as possible.
<b>Risks related to authorisation agreements and termination of these by the general agent</b>	Bilia's core business consists of distribution and servicing of cars and transport vehicles in five countries. For new car sales, Bilia needs the approval from the respective general agent, as there are no special rules governing competition for new car sales in the EU. A car manufacturer and/or general agent can unilaterally recall a sales authorisation and terminate the sales agreements with Bilia. In November 2020, Volvo Cars notified Bilia that they are terminating the dealer agreements, in their current form, for Sweden and Norway. Business will continue as normal during the two-year period of notice. Bilia and Volvo Cars have ongoing discussions about a future collaboration. During the year, Renault terminated all dealer agreements in Sweden and intends to review their dealer network in 2021. Volvo, BMW and Toyota are the largest car manufacturers/general agents for Bilia why a recall or termination of authorisation agreements, a changed content and/or balance between the manufacturer/general agent and Bilia could have significant negative impact on Bilia's operations.	Bilia is not dependent on one single manufacturer/general agent, such as Volvo, but has several business partners, which reduces the risk compared to being dependent on just one manufacturer/general agent. Sales of used cars and the Service Business are not subject to the approval from the general agents for establishment and expansion of business. Bilia therefore intends, regardless of the termination of authorisation by Volvo Cars, to continue with service and repair for Volvo, and to continue selling used Volvo cars also after the two-year notice period. Re-application for authorisation as a service workshop for Volvo has been made. Bilia is also now intensifying its efforts to find new business partners and growth opportunities, in line with the prevailing growth strategy. Good relations with car manufacturers/general agents are a focus area to enable expansion and reduce the risk of sales authorisation for new cars being recalled. Bilia is constantly working to enhance and develop its customer relations with the aim of maintaining a strong position on the market.
<b>Risks related to government decisions and public opinion</b>	Government decisions that restrict the freedom of movement of individuals, such as during a pandemic, may affect Bilia's ability to conduct business in both the Car and the Service Business. Regulatory decisions that lead to changes in taxes, charges, subsidies and restrictions on the products Bilia sells can influence both demand for and the valuation of cars in stock and cars sold with guaranteed residual values. Bilia's operations can be effected by public opinion and government decisions mainly regarding queries on the car's part in the society in relation to climate and environmental issues.	Restrictions introduced to reduce the risk of infection in a pandemic can vary in nature, and can partly be managed by adapting the operation. New regulatory decisions and changes in opinion can result in higher or lower demand for Bilia's products and services. Adapting operations to changes in laws and regulations is an ongoing process, and is achieved by monitoring relevant regulatory changes and analysing possible measures. Products and services are adapted continuously based on public opinion.

RISK	RISK DESCRIPTION	OPPORTUNITIES AND MANAGEMENT
<b>Risks for alternative sales channels and business models and Volvo's establishment as a dealer</b>	Bilia mainly operates through its own facilities, which are visited by the customers in connection with sale of cars and services. Bilia also has digital sales channels for used cars and accessories. There are ongoing initiatives regarding the business model and business channel for sales of new cars. If all the car manufacturers/general agents that Bilia works with should move, fully or partly, to their own sales channels, this could have an adverse impact on Bilia's business. During 2020, Volvo acquired a dealer in Sweden with the aim of selling cars in Sweden via its own sales channels in the future.	Bilia follows the development of new business models and alternative sales channels and the effects of Volvo's acquisition of a dealer in Sweden, and will continue to adapt its business to market conditions as necessary. New business models can make a positive contribution to Bilia's financial position regarding risk and capital tied up. Bilia continuously works on strengthening and developing its customer relationship to maintain a strong position on the market.
<b>Risks related to competitiveness and technological development of the products</b>	Bilia is dependent on the ability of the Group's business partners to develop competitive products that incorporate the technological advances. One example is development of car models in line with the ongoing discussion about sustainable fuel alternatives. The current tax systems on environmental friendly cars, especially in Sweden and Norway, increase the demand on car models that fulfills these requirements. Future technological development of the products can influence Bilia's Service Business for example in relation to the complexity of the products and/or motor technique.	Bilia's business partners currently offer several environmental friendly cars and assesses to be well equipped to follow the technological development in long-term. Our business partners currently offer environmental friendly cars, which match the current tax systems from the governments, and new launches are planned. Bilia's business partners are financially well established businesses with resources to long-term assure the competitiveness and technological development of the products.
<b>Risks related to development of own concepts and services</b>	To maintain and strengthen its competitiveness, Bilia must develop concepts and services that appeal to the customers. Bilia's ability to develop new concepts and services also helps to strengthen the suppliers' brands and create customer loyalty.	Bilia continuously develops products and services based on the customers need and requests. One example of own concepts and services is wheel storage subscriptions. This development work requires resources. Bilia is confident that the Group has the resources required to remain in the forefront of service development.
<b>Risks related to key persons and coworkers</b>	There is a future risk that Bilia will not be successful in recruiting or keeping the competent people to the extent that is requested. Both management and coworkers contribute with knowledge about the business and the operation and actively participate in developing own concepts and services. People with a vehicle technical competence is a scarce resource, which may influence future growth within the Service Business negatively.	Bilia has good results in the annual employee survey compared to other companies. Bilia focus on keeping and further improve the environment for our key persons and coworkers to be an attractive employer. Bilia works actively together with schools to contribute to make the vehicle technician profession more attractive and to contribute to a good quality on the education that is offered.
<b>Risks related to facilities and environment</b>	Bilia leases most of the facilities for the operations. As a tenant, Bilia may become dismissed from the lease at the end of the rental period, which would mean that Bilia would lose strategic business locations. Volvo's termination of the dealer agreements for new cars could entail a risk that Bilia has too many and/or too large facilities. If contamination should be confirmed at any of Bilia's facilities, there is a risk that Bilia may be held responsible for decontamination of the facility. Such decontamination may be associated with considerable costs.	To lease facilities give Bilia flexibility to adjust the number of facilities and the location of the facilities to be favourable for the operations. Moving forward, Bilia will adapt the number/size of its facilities to the situation following Volvo's agreement terminations in Sweden and Norway. Bilia works, as an integrated part of its operations, to minimise the negative effect on the environment. 85 per cent of the facilities in Sweden and Norway are certified according to ISO 14001 and are yearly reviewed by external certification body.
<b>Risks related to acquisitions</b>	As part of realising Bilia's strategic growth target, businesses are acquired. If the status of the acquired operations were to differ significantly from what was known before the acquisition, or if the integration of the operations would fail, it could influence Bilia negatively.	Through acquisitions, Bilia improves its operations from a strategic and financial perspective. New operations are continuously integrated and follow-up versus expected performance is made during the integration period to early identify and act on any deviations.
<b>IT related risks</b>	Bilia's operations are dependent on a well working IT-environment. A centralised and coordinated IT-environment gives the Group advantages but at the same time mean higher sensitivity for disturbances such as for example downtime of significant operational systems. Further, there is a risk for external attacks on the IT-environment through viruses or hacking, alternatively trespassing and information theft.	A centralised and coordinated IT-environment gives the Group advantages such as lower costs and centralised competence, which favors the development work within the IT-area. Actions have been taken to minimise effects of downtime and external attacks on the IT-environment. Bilia works continuously to update the processes to manage external attacks on the IT-environment and analyses existing and new risks and threats.
<b>Risks related to non-compliance of laws and rules</b>	A number of laws and rules regulates Bilia's operation. Bilia's ability to comply with laws and rules and deliver high quality in all customer relations is crucial for the customer confidence. An inability to comply with laws and rules and deliver high quality to customers may result in legal or regulatory penalties, financial losses and a negative impact on the customer confidence in the Bilia brand.	To comply with laws and rules and to minimise the risk exposure Bilia has developed a framework, which includes the Bilia Code of Conduct, Competition code, group policies and steering documents. For certain areas such as competition and integrity protection there are special compliance programs with training for the Group's coworkers.

### Guidelines for remuneration to senior officers

A fee decided by the Annual General Meeting (AGM) is paid to the Chairman and members of the Board.

The AGM for 2020 has decided on the following guidelines for compensation to the management to apply, no longer than, up until the AGM 2024. For detailed information, see the minutes of the AGM at the company's website, [bilias.com](http://bilias.com).

Remuneration to the Managing Director (MD) and other members of the Group Management consists of basic salary, variable remuneration, other benefits and pension. By "other members of the Group Management" is meant the Deputy MD, CFO, CIO, HR Director and Director of Business Development and Communication of Bilia AB, the MD of Bilia Personbilar AB and the MD of Bilia Personbil AS, Norway. For the composition of the Group Management and remuneration, see Note 8, "Employees, personnel costs and remunerations for senior officers".

The distribution between basic salary and variable salary should be commensurate with the Group Management's powers and responsibilities. The variable remuneration paid to the MD and other members of the Group Management may not exceed 55 per cent of the individual's basic salary. The variable remuneration is based on performance goals and individual goals.

Premium-based pension benefits and other benefits for the MD and Deputy MD are payable as a part of the total remuneration.

In the event of significant changes in the company's ownership structure that affect the conditions or content of their jobs, the Deputy MD of Bilia AB and one top executive in a subsidiary are entitled to terminate their own employment and receive 24 months' salary, less any salary received from other service during the last 12 months. Bilia's bank, service and distribution agreements all contain clauses to the effect that the agreement may be terminated if the company is transferred to a new owner.

### Holding of own shares

The 2020 AGM gave the Board of Directors a new authorisation to buy back the company's own shares. During 2020 a total of 1,220,000 shares were repurchased for a total price of SEK 122 M, which amounts to an average price per share of SEK 99.85. During 2019 a total of 817,210 shares were repurchased for a total price of SEK 79 M, which amounts to an average price per share of SEK 96.70. No shares were repurchased during 2018. A total of 1,849,000 shares were repurchased during 2017 for a total price of SEK 147 M, which amounts to an average price per share of SEK 79.50. Total holding of own shares amounts to 3,886,210. Bilia's shares have a quotient value of SEK 2.50.



**“The uncertainty related to the COVID-19 pandemic can affect the car market for 2021, but industry analysts currently believe that the markets will be at the same level as last year”**



Industry analysts believe that the car markets 2021 will be at the same level as last year with some uncertainty related to the COVID-19 pandemic.

### Parent Company

Bilia AB is responsible for the Group's management, strategic planning, law, purchasing, public relations, business development, marketing, HR, real estate activities, accounting and financing. The Parent Company's operating loss amounted to SEK 76 M (loss: 84).

### Future outlook

Industry analysts predict that the car markets where Bilia is represented will be at the same level in 2021 as last year, but still at a high level from a historical perspective but the uncertainty is great given the development of the COVID-19 pandemic. The service markets, where Bilia is represented, are expected to remain at the same level in 2021 as they were in 2020, but also this given the uncertainty of the COVID-19 pandemic. Owing to the fact that Bilia's earnings are affected by various factors beyond the company's control, no earnings forecast is made. A review of the most important earnings-impacting factors is provided in the sensitivity analysis in Note 28, "Financial risks and risk management".

### Proposed treatment of unappropriated earnings

The Board of Directors proposes that the earnings available for distribution, SEK 1,571 M, be disposed of as follows:

SEK M	
Cash dividend, SEK 6.00 per share <sup>1)</sup>	593
To be carried forward	978
<b>Total</b>	<b>1,571</b>

<sup>1)</sup> Based on the number of shares outstanding at 31 December 2020, 98,913,742 (excluding holdings of own shares, 3,886,210).

### Statement of Board of Directors regarding proposed distribution of profits

The Group's equity has been calculated according to the accounting rules set forth in the International Financial Reporting Standards (IFRS). The Parent Company's equity has been calculated in accordance with the Swedish Financial Reporting Board's recommendation RFR 2, "Accounting for Legal Entities".

The proposed dividend consists of a cash dividend of SEK 6.00 per share, totalling SEK 593 M. The Group's equity/assets ratio will thereafter amount to about 21 per cent.

The proposed cash dividend is consistent with Bilia's goal, which is that at least 50 per cent of the net profit per share for the year should be distributed to the shareholders, and that Bilia should have an optimal capital structure at any given time.

It is the judgment of the Board of Directors that the company's and the Group's equity after the proposed dividend will be sufficiently large in relation to the nature, scope and risks of the business and the terms of the lenders. The Board has also taken into account the Group's history, liquidity and investment plans, as well as the general economic situation.

### Approval of the financial statements

The financial statements were approved for publication by the Parent Company's Board of Directors on 9 March 2021.

For further details concerning the company's results and financial position, please refer to the following Consolidated Statement of Income and Other Comprehensive Income and the Consolidated Statement of Financial Position with accompanying comments.

# Sustainability Report

**SUSTAINABILITY.** Bilia's business is characterised by systematic, active sustainability management with consideration for the operation and employees, the wider environment and customer relations. For Bilia, sustainability work is an integral part of good corporate citizenship and of creating sustainable, long-term solutions.

## Organisation, responsibility and monitoring

The Bilia Group CEO is ultimately responsible for the Group's sustainability work, overriding goals, action plans and performance measures. In the business planning process, responsibility for goal achievement and action plans is delegated to the MD of each company.

Bilia's sustainability work is monitored by internal audits, supplier assessments, systematic health and safety work, annual performance appraisals and case management.

In Sweden the Parent Company Bilia AB and the subsidiaries Bilia Group AB, Bilia Personbilar AB, Bilia Center Metro AB and Allbildelar Försäljning i Huddinge AB are certified to ISO 9001 and ISO 14001. In Norway, the subsidiary Bilia Personbil AS is certified to ISO 9001 and ISO 14001. Bilia has the ambition to extend its Group certification to include more subsidiaries. During 2020, 85 per cent of Bilia's facilities in Sweden and Norway were certified to both ISO 9001 and ISO 14001.

## Code of Conduct and whistleblower system

Sustainability work is based on the Group's Code of Conduct, which applies to all employees and Board members of the Bilia Group. The Code of Conduct covers areas such as human rights, social conditions and employees, the environment and anti-corruption.

Bilia has a number of policies, rules and guidelines which reflect the values established in its Code of Conduct. For example there is an occupational health policy and an equal treatment policy. These policies cover areas such as non-discrimination, unequal treatment, gender equality and diversity.

All employees in Bilia's companies are able to anonymously report violations of the Code of Conduct or any other irregularities in an external, digital whistleblower system. In 2020 four incidents were reported to the system, one of which was deemed to qualify for investigation and was managed in accordance with the whistleblower policy. The number of reports has been evaluated and is deemed to be at a normal level for comparable companies.

## Environment

Bilia strives to foster a good environment and to minimise the negative environmental impact of its operations. Some of Bilia's operations such as fuel sales, car washing, paint shops and large workshops must be reported under the Swedish Environmental Code. Bilia has decided to apply the same environmental principles in all its operations, whether or not the operation is subject to a reporting requirement.

The Group's purchasing department works in close cooperation with the environmental department. By placing demands on suppliers and other business partners, Bilia works actively to promote a good environment and to increase environmental awareness in its value chain.

### Environmental aspects

During the year, a process for classifying and rating the operation's environmental aspects, both positive and negative, was standardised. The following environmental aspects were established as the most important:

Environmental aspects	Scope	Impact
Knowledge and collaboration	All operations	Positive
Preventing an emergency	All operations	Positive
Reuse of car parts	Dismantling, workshop	Positive
Sales of used cars	Sales	Negative/positive
Sales of new cars	Sales	Negative/positive
Sales retail/wholesale	Sales of goods	Negative/positive
Procurement and purchasing	All operations	Negative
Travel and transportation	All operations	Negative
Waste management	All operations	Negative
Water and emissions	Car washes/ reconditioning	Negative

## Bilia's most Significant Environmental Aspects

Servicing and repair of cars and sales of used cars contribute to the reuse of products throughout the car's life cycle. Until 2018, Bilia mainly focused on sales of used cars less than three years old. This changed in 2019 when all cars, whatever their age, were accepted for sale. Older cars have a higher environmental impact in general than new cars. Most customers change to a newer car when buying a used car. Our car dismantlings take care of the vehicle at the end of its life cycle, while also reusing as many parts as possible.

From a life cycle perspective, procurement of products and services are significant to Bilia's direct and indirect environmental impact. Setting demands on procurement ensures that the suppliers' ability to provide environmentally sound products and services is taken into account. With conscious purchasing, Bilia can choose quality products with lower environmental impact.



Bilia offers services for the entire car's life cycle, from purchase to recycling of parts from a dismantled car.

Combustion of fossil fuels leads to climate changes and impacts on the air, land and water. Bilia's direct environmental impact is linked to business travel and internal transportation. In addition there are greenhouse gas emissions from transport carried out by general agents and suppliers. Bilia's system for internal video and teleconferences has successfully helped to reduce business travel in the Group, and emissions of climate affecting gases and substances have decreased.

Correct management of commercial waste in the final stage of the life cycle limits hazardous emissions, while also creating the conditions for goods to be reused and the materials recycled. Waste is separated at source at Bilia's facilities. The environmental aspect is significant as large amounts of hazardous waste are handled as part of the operation.

During the year, the environmental goals for the Swedish business were established based on the positive environmental aspects. The environmental goals are being launched in 2021. The goals refer to car sales, knowledge and collaboration, and the reuse of car parts. Other areas have already been dealt with in the operation.

During the year Bilia launched its own environmental training for the operations in Sweden, and efforts are under way to develop a Norwegian version. The training aims to raise environmental awareness and knowledge about how Bilia can reduce its environmental impact.

### Climate impact

Bilia measures its climate impact using the international standard, The Greenhouse Gas Protocol Initiative (GHG Protocol).

Climate impact can be broken down into:

- Direct emissions from the operations (scope 1).
- Indirect emissions from energy purchased and consumed in the operations (scope 2).

Bilia does not measure other indirect emissions that the operations generate but do not control or own (scope 3).

Tonnes CO <sub>2</sub> e	2020
Direct emissions from the operations (scope 1)*	9,323
Indirect emissions from purchased energy (scope 2)	4,836
<b>Total</b>	<b>14,159</b>

\*Excluding cooling medium for properties

	Total emissions (tCO <sub>2</sub> e)	Percentage of total, %	Components
Transportation	6,892	49	Internal transportation of cars or goods, employee car travel
Properties	4,836	34	Electricity and district heating
Stationary combustion	2,431	17	Energy sources other than electricity and district heating

### Stakeholder analysis

One prerequisite for long-term value creation is that Bilia understands the demands and expectations of its stakeholder groups. During the year, there was an update to which stakeholder groups have the greatest influence on and/or are most influenced by Bilia's business activities and sustainability work. Bilia's most important stakeholders are employees together with the three key stakeholder groups identified as:

1. Shareholders
2. Suppliers
3. Customers

One of the stakeholders' priorities was "Sustainable transportation and services". Bilia places strict requirements on its business partners, including suppliers. They are expected to comply with the requirements set out in ISO 9001 and ISO 14001 as well as the 10 principles of the UN Global Compact. This requirement has helped to enhance the cooperation with suppliers. Several of Bilia's suppliers have gained better knowledge of legislation, as well as better opportunities for improved environmental work. Bilia has also contributed to greater interest in sustainability issues. Positive feedback has been received from Bilia's suppliers.

## Global Sustainable Development Goals 2030

Bilia contributes to several of the UN's 17 global Sustainable Development Goals (SDGs) 2030. Bilia focuses on the three which are currently deemed to be of the greatest relevance and importance to its operations, and to be linked with the highest demands and expectations from its stakeholders. These are Good Health and Well-Being (Goal 3), Quality Education (Goal 4), and Responsible Consumption and Production (Goal 12).



During the COVID-19 pandemic, Bilia has focused on the safety of its customers and employees. Bilia has acted in accordance with the prevailing general advice and restrictions in its operating countries. Work practices have been adapted and personal protective equipment has been used to reduce the spread of the virus. For example, deliveries of cars to customers have been adapted with the option of dropping off keys outside the workshop, and a pick-up and drop-off service. Some of Bilia's personnel have been reallocated to other facilities or have been advised to work from home when possible. Work duties have been paused to free up resources to cover gaps in staffing.

As a result of the pandemic, mental illness has a risk of increasing in society, and Bilia's managers have been particularly vigilant for signs that employees need help and support.



The car industry, including Bilia, faces a challenge in recruiting new employees to the Service Business. The challenges currently facing the company are a high number of retirements, combined with low numbers of students at high schools. One strategy is to attract and recruit technicians directly from high school. Bilia has therefore developed the Bilia Student Programme, which aims to ensure that students enjoy a safe and solid period of work experience with Bilia. The mentors who deal with the students are specially certified with an official qualification from the Swedish National Agency for Education. Bilia supports schools with programmes, material and training so that teachers have knowledge of the latest technical developments.



Bilia works with the car throughout its life cycle, from factory, through several owners, and finally to car dismantling. Bilia works with general agents who can and want to meet the requirements for sustainable production and consumption. During their life cycle, the products and services that Bilia provides contribute to negative environmental impact, by using fossil fuels and producing emissions that can have an adverse impact on the climate, environment and health. Bilia has a responsibility to its customers and employees to describe the effects of its operations, products and services, and how adverse effects can be mitigated by making sustainable choices. We help customers to make decisions about their environmental impact based on an analysis of their needs, wishes and circumstances. We work closely alongside our suppliers, and help to disseminate knowledge and positive environmental actions in their organisations.

## The advance of the electric car in Norway spreads to Sweden

In 2011 there were virtually no electric cars on Norway's roads. Today it is a completely different story. Half of all new cars sold in 2020 were pure electric cars and 20 per cent were plug-in hybrids. In the city of Oslo, as many as 60 per cent of the cars were electric. The increase in electric cars in Norway has been driven by a national vision of having fossil-free cars only by the year 2025. A tax system favouring green cars has stimulated demand in the country for eco-friendly cars. Bilia in Norway are offering the BMW i3 as a pure electric car. As of 2021, the range of electric cars is increasing to include models from Volvo, Toyota and Lexus.

The proportion of electric cars and hybrid cars also increased in Sweden in 2020 and amounted to 32 per cent, compared with 11 per cent last year. 2020 was predicted to be the year of the battery – a prediction that came true.





## Social conditions and personnel

Competent and considerate employees are vital to Bilia's continued success and long-term sustainability. With this in mind, the Group pursues an active and systematic personnel policy with an endeavour to be a responsible employer and a good corporate citizen.

Bilia respects freedom of association and signs collective agreements. Employees have the potential to influence their job situation, and some positions offer the option of working part-time or having some flexibility in working hours. Bilia primarily operates in countries with extensive rights to parental leave that include both parents.

Applicable legislation in combination with prevailing collective agreements lay the foundation for a reasonable work/life balance. More than 90 per cent of Bilia's employees have permanent positions, while others have some kind of temporary contract, such as seasonal jobs or holiday cover. Consultants are also brought in to some extent, mainly for IT services.

The average number of employees (FTE) in the Group during the year was 4,097 (4,298). The number of employees on 31 December 2020 was 4,646 (4,978).

### Creating dedicated employees through good leadership

Good leadership is fundamental to an employee's dedication and ability to perform. All managers at Bilia are responsible for supporting and fostering the well-being of groups and individuals. Bilia's Group-wide leadership expectations are based on five basic principles: leading by example, taking ownership, building commitment, execute decisions, and driving results. As part of efforts to strengthen leadership, internal leadership training is

Performance measures	2018	2019	2020
Average number of employees <sup>1)</sup>	4,221	4,298	4,097
Turnover per average number of employees, KSEK	6,724	6,866	7,363
Value added per average number of employees, KSEK	964	1,032	1,142
Profit before tax per average number of employees, KSEK	219	236	308
Average age	39	39	40

<sup>1)</sup> Full-time employees (FTE)

pursued continuously, which covers areas such as core values and the psychosocial work environment. In addition Bilia has an internal training unit for leaders called Bilia Academy.

Based on the annual employee survey, several indices are produced for the Group as a whole and for each individual company. For example, Bilia uses a leadership index and an employee dedication index, which far exceed benchmarks both for the industry and in general. Despite the impact of the pandemic on the operations, the Group's indices remained at the same high levels in 2020. In 2019, Bilia created its own index linked to core values, vision and culture. This index too was stable during the year.

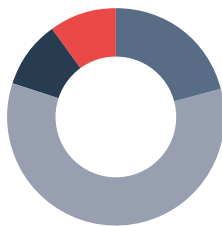
### Professional development

All employees should have opportunities for professional development. The basis for professional development is the performance appraisal held at least once a year. Together, the employee and their immediate manager arrive at a plan that aims to promote personal development, job satisfaction and efficiency in the day-to-day work.

Bilia provides ongoing customised training courses aimed at target groups with different positions and training requirements

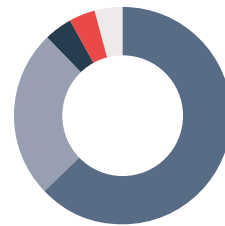
## Employees

DISTRIBUTION OF EMPLOYEES BY FUNCTION, %



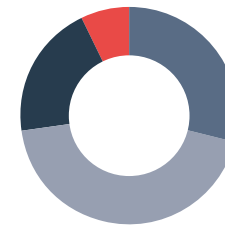
Sales	21
Workshop	59
Spare parts	10
Administration	10
Fuels	0

DISTRIBUTION OF EMPLOYEES BY COUNTRY, %



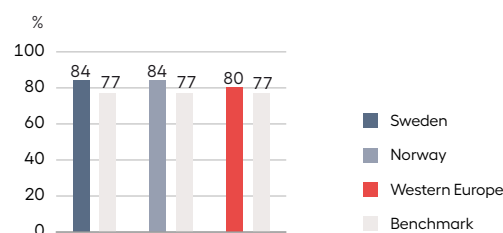
Sweden	63
Norway	25
Germany	4
Luxembourg	4
Belgium	4

AGE STRUCTURE, NUMBER OF EMPLOYEES, %

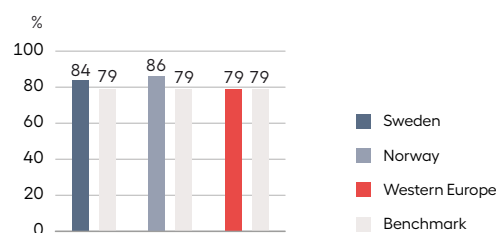


≤29 yrs	29
30-49 yrs	44
50-60 yrs	20
≥61 yrs	7

LEADERSHIP, INDEX



EMPLOYEE DEDICATION, INDEX



at Bilia. In addition, technicians and sales personnel attend specially tailored training at several different levels. Furthermore, Bilia has a number of regularly recurring specific courses in e.g. competition law and labour law, aimed primarily at executives and managers. In addition to these courses, Group-wide management training is offered at all levels – from preparation ahead of management to senior management development.

Two personnel funds have been set up for Swedish employees; one for white collar and one for blue collar employees. All Swedish employees can apply for grants from the funds for a professional development activity, which does not have to be directly related to Bilia or their job.

### A safe and healthy physical work environment

Bilia works continuously to improve the working environment at its facilities. The main health risks among blue collar employees are hearing loss, vibration and ergonomic injuries, as well as allergies caused by exposure to chemicals. Occupational health and safety in the workshops is therefore aimed at ensuring that correct work practices are used by means of information, training and providing the right equipment. Local management, along with full-time union representatives and the organisation as a whole, deals with health and safety issues systematically, resolutely and expertly.

As the majority of Bilia's employees are unable to work from home due to the nature of the work, during the year Bilia has made several investments to make the working environment safe also from a COVID-19 perspective.

### Organisational and social work environment

All Bilia Group companies must work to ensure that the working environment is good both for the operation, and for the well-being of the employee.

Bilia's procedures for the Swedish operation with regard to the organisational and social work environment include setting annual goals and targeted safety inspections, as well as risk assessments where appropriate. The psychosocial work environment is measured in the annual employee survey and the index for this consistently far exceeds the benchmarks.

### The COVID-19 pandemic in 2020

The onset of the COVID-19 pandemic at the beginning of the year prompted the launch of a crisis planning process within the Group. A number of work groups and steering groups were appointed to obtain government directives, carry out risk analyses, track the development of the pandemic, listen to the operations and continuously introduce adaptations. A close collaboration with the unions and employees was established to quickly take questions and ideas on board. In February 2020, the first internal guidelines were introduced with a focus on the health of employees and customers. Bilia took the pandemic very seriously, and in several countries went further than required by national guidelines. For example, quarantine was introduced after travel to high-risk areas, directives were brought in regarding meetings and travel, and local adaptations were implemented. Since the majority of employees have not been able to work from home due to the nature of the work, regular health and safety inspections and checklists were introduced to ensure a safe local work environment. Plexiglass partitions, social distancing and frequent disinfection were implemented, among other things. Customers were offered a pick-up and drop-off service, key drop-boxes and customised vehicle deliveries. Personnel have shown great respect for each other's health, and have worked well together to adapt to the new circumstances. The result is

a safer work environment, improved crisis management and greater knowledge about the spread of a pandemic.

### Gender equality and diversity enrich the organisation

Bilia strives for gender equality in its organisation, whereby men and women alike are represented in all professional categories. At present there are more men than women working at Bilia. In total, there are 15 per cent or 710 women and 3,936 men. Bilia is convinced that a more even gender distribution has positive effects on both the work environment and profitability, and would therefore like to recruit more women. There is a raft of initiatives under way, such as a stronger recruitment policy, regular follow-up and an external in-depth study. The goal is to have 20 per cent female employees.

In the professional categories of car sales, management, coaching, car parts and car rental, the goal is 30 per cent. Equal opportunity and treatment regardless of gender is a fundamental principle for Bilia. The HR department has central responsibility for gender equality issues, and among other things this includes work on pay monitoring and a gender equality plan.

## “Together, the employee and their immediate manager arrive at a plan to promote personal development, job satisfaction and efficiency in the day-to-day work”

As a further step in efforts to boost diversity in the Group, Bilia is working actively to recruit people from different ethnic backgrounds. Today around 30 different languages are spoken within the Group. In 2020, Bilia took part in a pilot project about professional Swedish for vehicle technicians, with the aim of making the career path more accessible for employees who do not have Swedish as their first language.

### Key personnel and competent employees

One challenge faced by Bilia is securing professional competence in the future. In light of this, Bilia pursues joint projects with Swedish automotive engineering schools, and offers students work experience and apprenticeships.

Bilia's vision is to offer the best student programme in the industry. In 2020, the Student Programme has grown further in Sweden. A certification programme for high school students is also being offered in Sweden in partnership with the Swedish Automobile Association (Motormännens Riksförbund). Certification entails that the student's know-how and skills are tested in the real world during a work practice period.

### Charity

The Group supports the World Childhood Foundation, for example by making a donation for every new Volvo sold. In keeping with tradition, Bilia's Facebook followers vote each year for a recipient of a Christmas gift. The choice in 2020 was Vid din sida – Stockholm, an organisation that supports elderly homeless people in Stockholm.

# Human rights and anti-corruption

Bilia supports internationally recognised human rights, as well as norms and initiatives for good business ethics.

## Zero tolerance of discrimination and harassment

Bullying and degrading treatment are not permitted at Bilia, whatever form these may take. There is zero tolerance of all forms of discrimination and harassment. This was further highlighted in the leadership expectations issued to all managers last year.

## Zero tolerance of bribery and corruption

Bilia has zero tolerance of bribery and corruption. Management clearly denounces these practices in the Code of Conduct.

Via formal attestation rules, the Code of Conduct, internal audits and its whistleblower system, Bilia has implemented procedures for counteracting and preventing bribery and corruption.

## Competition on equal terms

Bilia is well aware of the rules governing competition on equal terms and operates in a way that is compatible with competition laws in all of the countries in which we operate. Bilia has formulated and implemented a competition code by which all employees are bound. Managers undergoing training and persons in senior executive positions sign a pledge every year to comply with this competition code.

## Requirement specification in the supply chain

Bilia has a Group-wide procurement policy governing central and local agreements. A procedure for signing local agreements is in place, the aim being to highlight Bilia's demands on the environment and social conditions as well as sustainability aspects. The supply chain must comply with requirements regarding human rights, anti-corruption and the UN Global Compact. The requirements in the Code of Conduct apply to the entire value chain in which Bilia's products and services are included.

# Corporate Governance Statement

**CORPORATE GOVERNANCE.** Bilia AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Mid Cap. The company applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the year 2020.

The Group's corporate governance is, in addition to that set out in Swedish law, based on the Swedish Corporate Governance Code (the Code), Nasdaq Stockholm AB's Rules for Issuers and the Swedish Securities Council's rulings on what constitutes good practice on the Swedish stock market. This report summarises how the corporate governance is structured and how it has been managed and developed within the Group during the 2020 financial year. Bilia complies with the rules of the Code and has provided explanations below for instances where it has deviated from the Code's rules in 2020.

## Corporate governance at Bilia

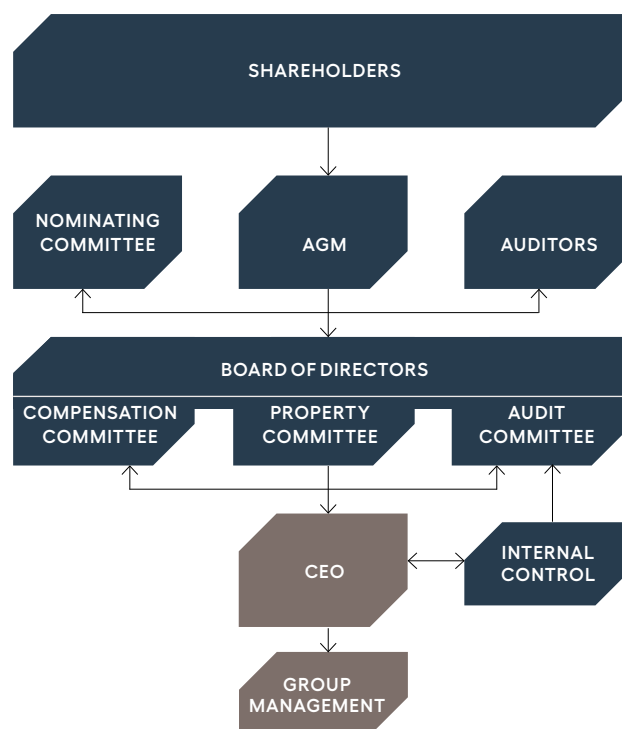
Good corporate governance is about ensuring on behalf of the shareholders that Bilia is managed in a sustainable and responsible way, and as efficiently as possible. Bilia strives for a clear division of responsibilities, for transparency towards the owners and the market and for efficient governance and control of the Group's operations to ensure that the Group fulfils its commitments towards shareholders, customers, employees, suppliers, credit providers and society. It also endeavours to ensure that the operations follow set goals, applicable legislation and other regulatory frameworks, both external and internal. External regulatory frameworks include, among others, the Swedish Companies Act, the Swedish Annual Accounts Act and other relevant laws, Nasdaq Stockholm's Rules for Issuers and the Code. Internal regulatory frameworks include the Articles of Association adopted at the Annual General Meeting, the rules of procedure for the Board of Directors and the instructions for the Managing Director, including instructions on financial reporting, and instructions for the Board Committees, policies and guidelines, and Bilia's Code of Conduct.

## Shareholders

At the end of 2020 Bilia had 41,028 shareholders. Bilia's largest shareholder is Mats Qviberg with family, whose holding amounted to 12.7 per cent on 31 December 2020. The next-largest shareholders at year-end were Investment AB Öresund, State Street Bank and Trust Co, W9 and Anna Engebretsen with family, whose holdings amounted to 9.6, 5.1 and 5.0 per cent respectively. The proportion of institutional ownership amounted to 7.7 per cent (9.4) and the proportion of foreign ownership was 32.5 per cent (33.0).

## General meeting of shareholders

Shareholders' influence is exercised at the Annual General Meeting (AGM) and, where applicable, at Extraordinary General Meetings, which are Bilia's highest decision-making bodies. All shareholders who are registered in the print-out of the share register at a certain point in time before the meeting and who have registered their participation in the meeting before the deadline set out in the notice are entitled to participate in the meeting with full voting rights. Shareholders who are unable to attend in person may be



represented through a proxy. Any shareholder who would like an issue to be dealt with at a general meeting of shareholders must submit a written proposal to the Board in sufficient time so that the proposal can be included in the notice to attend the meeting.

## The 2020 AGM

The 2020 AGM was held on 22 June at the IVA Conference Center in Stockholm. To reduce the risk of spreading COVID-19, Bilia decided to conduct the meeting so that as far as possible the shareholders exercised their voting rights by voting in advance, known as postal voting or voting by proxy. A total of 213 shareholders were represented in the meeting, who jointly accounted for 44 per cent of the number of shares and votes in the company.

The Chairman of the Board, Mats Qviberg, was elected chairman of the AGM. Ingrid Jonasson Blank, Gunnar Blomkvist, Jack Forsgren, and employee representative Dragan Mitrasinovic and employee deputy representative Isak Ekblom took part by phone. The other Board members were present at the venue of the AGM. The minutes from the AGM can be found on Bilia's website, [www.bilia.com](http://www.bilia.com). The AGM passed resolutions on the following, among other matters:

- adoption of the Parent Company and consolidated income statements and balance sheets for the 2019 financial year in the Annual Report,



The Annual General Meeting 2020 was partly conducted through postal voting to avoid spreading of COVID-19.

- granting discharge from liability for the Board's members and the Managing Director for the 2019 financial year,
- re-election of all Board members, except for Jack Forsgren who declined re-election,
- re-election of Mats Qviberg and Jan Pettersson as Chairman of the Board and Deputy Chairman respectively,
- determining remuneration for the Board and auditors,
- establishing guidelines for remuneration for senior officers,
- election of KPMG AB as the company's auditor for the period up until the end of the 2021 AGM,
- amendment of the Articles of Association, and
- authorisation for the Board to decide on acquisitions or transfers of the company's own shares on one or more occasions during the period up until the next AGM, but the shares may not correspond to more than 10 per cent of the total number of shares in the company.

### Nominating Committee

The Nominating Committee is tasked with submitting proposals ahead of the AGM on resolutions regarding the election of the Chairman at the AGM, the election of the Chairman and other members of the Board, fees for the Board, and remuneration for committee work, the election of auditors (where applicable), fees for auditors and changes in the procedure for appointing the Nominating Committee. In accordance with a resolution at Bilia's 2016 AGM, the Nominating Committee shall comprise Bilia's Chairman of the Board along with representatives of the two to four largest shareholders at the turn of the month before the Committee is appointed. Prior to the 2020 AGM, the Nominating Committee consisted of the following persons, who were appointed in September 2019: Tim Floderus (Chairman of the Nominating Committee), representative of Investment AB Öresund, Mats Qviberg, representative of the Qviberg family and in his capacity as Chairman of the Board of Bilia AB, Evert Carlsson, representative of Swedbank Robur Fonder and Hans Ek, representative of SEB Investment Management.

Every year the Nominating Committee evaluates the Board and its work. The Committee then prepares a proposal for a new Board and proposals for remuneration for the Board, proposals

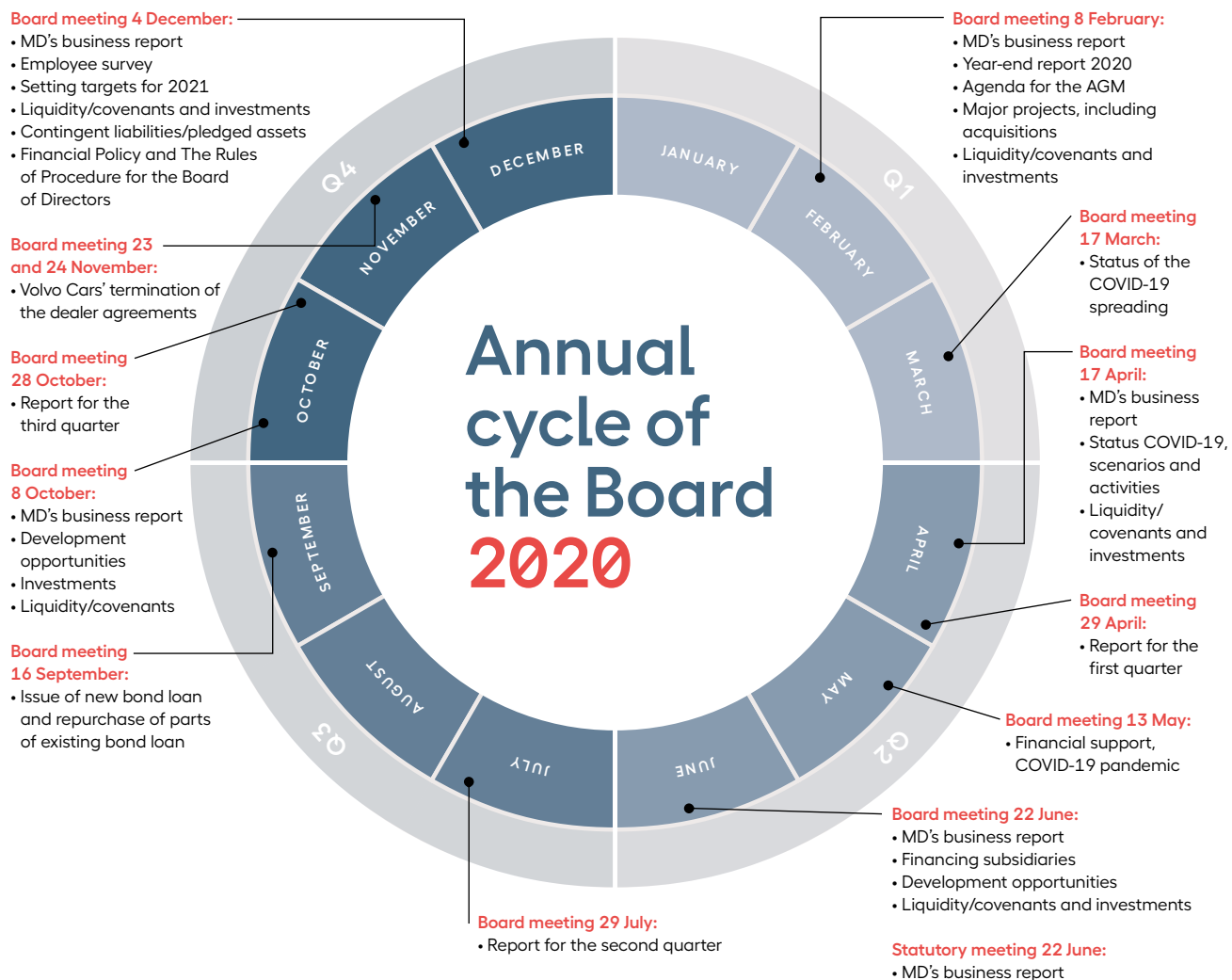
that are submitted in connection with the notice to attend the upcoming AGM. Ahead of the 2020 AGM, the Nominating Committee proposed the re-election of all Board members, except for Jack Forsgren who declined re-election, that the size of the Board should decrease from ten to nine members, and that the fees for the Board should remain unchanged compared with 2019, with the exception of fees for the newly formed Property Committee. The Nominating Committee's motivating statement ahead of the 2020 AGM states that it applied rule 4.1 of the Code about diversity policy when drawing up its proposal for the Board. The aim of the policy is to ensure that the Board has a composition appropriate to the company's operations, phase of development and general circumstances that is characterised by diversity and breadth with regard to expertise, experience and background, in addition to which an even gender distribution should be striven for. The 2020 AGM decided to appoint Board members in accordance with the Nominating Committee's proposals, which means that nine members were elected, comprising three women and six men.

Bilia's Nominating Committee, prior to the 2021 AGM, comprises Tim Floderus (Chairman of the Nominating Committee), representative of Investment AB Öresund, Mats Qviberg, representative of the Qviberg family and in his capacity as Chairman of the Board of Bilia AB, Lisen Oliv, representative of Anna Engebretsen with family, and Suzanne Sandler, representative of Handelsbanken Fonder.

Shareholders who wish to submit proposals for Bilia's Nominating Committee in 2021 can contact the Committee by e-mail at [nominering@bilias.se](mailto:nominering@bilias.se).

### Auditors

Bilia's auditors are elected by the AGM. The auditor inspects the annual accounts, accounting records and consolidated accounts as well as the Board of Director and Managing Director's administration in accordance with good auditing practice. After each financial year, the auditor submits an auditor's report for the Parent Company and an auditor's report for the Group to the AGM. At the 2020 AGM, the registered public accounting firm KPMG AB was re-elected as the company's accountant with authorised account-



ant Johan Kratz as the auditor in charge. The current mandate period runs up to the 2021 AGM. The auditors report the findings of their inspection to the Audit Committee and the Board. In addition to regular accounting tasks, KPMG AB assists with advisory and investigatory assignments. Such assignments are submitted in accordance with the rules decided by the Audit Committee for approving the nature and scope of the services as well as remuneration. The assignments conducted are not deemed to cause a conflict of interest. See Note 9 "Fees and cost reimbursement for auditors" for information on remuneration for auditors.

## Board of Directors

The Board of Directors' main duty is to be responsible for the company's organisation and the management of the company's business. The Board has to consider the interests of all shareholders in carrying out its duties. The Board is also responsible for ensuring that this Corporate Governance Report is prepared. The Articles of Association stipulate that the Board shall comprise at least seven and at most ten members. The Board members are elected annually at the AGM for the period up until the end of the next AGM. Employees are entitled to appoint two representatives and two deputies to the Board. After the 2020 AGM, Bilia's Board comprised 9 members elected by the AGM. The Managing Director and the CFO participate in the Board meetings, the latter also as a secretary. Furthermore, other senior officers take part as required.

The Board of Directors' work is mainly governed by the Swedish Companies' Act, the Code and the Board's rules of procedure.

The members of the committees and the rules of procedure are established annually at the Board meeting following election. The current Articles of Association state that the Board should have at least five ordinary meetings between each AGM, including the Board meeting following election. The Articles of Association also set out the division of work and responsibilities between the Board of Directors, Chairman of the Board, the Board Committees and the Managing Director.

Mats Qviberg was re-elected Chairman of the Board at the 2020 AGM. The Chairman of the Board is responsible for managing and assigning the Board's work and for ensuring that this is done in an efficient, well-organised way. This entails, for example, ensuring that the Board fulfils its obligations, monitoring the operation's development and making sure that the Board always has the information it requires so that it can carry out its work while maintaining quality standards in accordance with the applicable rules and regulations. The Chairman of the Board does not take part in the operational management of the company.

The Code states that a majority of the members of the Board elected at the AGM must be independent of the company and its management, and at least two of these members must also be independent of the company's major shareholders. The Nominating Committee has judged that the Board composition of Bilia meets the requirements on independence set out in the Code. Individual Board members' shareholdings, their independence in relation to the company, the executive management and the company's major shareholders as well as other assignments in other companies

are shown in the tables and in the presentation of Board members on pages 40-41.

### The work of the Board in 2020

The Board of Directors held its Board meeting following election on 22 June 2020 and a total of 20 Board meetings were held during the year. The Board dealt with standing items at its regular meetings that follow from the Board's rules of procedure, such as business situation, budget, annual accounts and interim reports. In addition, the Board dealt with overarching issues relating to corporate acquisitions and other investments, disposals, long-term strategies, financial issues, quality issues, compliance, internal control and risk management, organisation and structure, along with issues relating to the COVID-19 pandemic. The work of the Board was conducted in accordance with the illustration on page 36.

### Board subcommittees

#### Compensation Committee

In 2020, Bilia's Compensation Committee consisted of the Board members Eva Eriksson, Gunnar Blomkvist and, up until the AGM, Jack Forsgren (Chairman) who was then replaced and Nicklas Paulson joined the Committee as Chairman. Aside from Gunnar Blomkvist, who as a former CFO was not considered to be independent of the company and the executive management up until October 2020, the members of the Compensation Committee are independent in relation to the company and the executive management. That Gunnar Blomkvist was appointed a member of the Compensation Committee even though he was not deemed to be independent of the company or the executive management is a deviation from the Code. The reason for the deviation is that as a former CFO of many years, Gunnar Blomkvist is well acquainted with the company's conditions and circumstances regarding issues concerning remuneration structures and competence supply, for example.

The Committee held three minuted meetings in 2020 and has had ongoing informal contact. The members' attendance at committee meetings is reported in tables on pages 40-41. The Compensation Committee, which follows written instructions, is charged with drafting matters concerning remuneration principles as well as remuneration and other terms of employment for the Managing Director and other members of the Group

Management. The Committee also prepares the Board's proposed guidelines on remuneration for senior officers, which the Board presents for a resolution at the general meeting of shareholders at least every fourth year. In addition, the Committee shall monitor and evaluate ongoing programmes and programmes completed during the year regarding variable remuneration for the Group Management and the application of the guidelines on remuneration for senior officers decided on at the AGM.

#### Audit Committee

In 2020, Bilia's Audit Committee comprised the Board members Jon Risfelt (Chairman), Mats Holgerson and Gunnar Blomkvist. The Committee held six minuted meetings and had informal contact between the meetings as necessary in 2020. The members' attendance at committee meetings is reported in tables on pages 40-41. The company's auditors took part in all of the Audit Committee's meetings. The Committee and the auditors discussed and established the scope for the audit. The Audit Committee is a drafting body in contacts between the Board and the auditors, and continuously submits reports to the Board regarding its work. The Audit Committee follows written instructions and shall through its operations meet the requirements set out in the Swedish Companies Act and the EU's Audit Regulation. The Committee's duties include:

- monitoring the company's financial reporting, the efficiency of the company's internal control and risk management and ensure that the Group's nine-month report and annual accounts are reviewed by the Group's auditors,
- staying informed about the audit of the annual accounts and consolidated accounts and examining and monitoring the auditor's impartiality and independence,
- assisting with proposals to the Nominating Committee and AGM regarding the new election of an accounting firm when the current accounting firm is no longer available for re-election due to current regulations.

These were some of the issues dealt with in 2020: guaranteed residual values, impairment testing of intangible assets, risk analysis for the Group's operations, Volvo Cars' termination of dealer agreements, recently acquired units and refinancing issues, such as new credit facilities and repurchases or issues of new bond loans.



### Property Committee

In 2020, Bilia's Property Committee consisted of Eva Eriksson (Chairman) and Gunnar Blomkvist. The Committee held two minutes meetings and had informal contact between the meetings as necessary in 2020. The members' attendance at committee meetings is reported in tables on pages 40-41. The Property Committee, which follows written instructions, is charged with, for example, preparing property-related decisions, such as investments in new facilities, and helping with other property-related issues in the operations or in connection with acquisitions.



Bilia's control environment is based on communicating clear guidelines to all subsidiaries to ensure that the same rules and policies are applied in all the Group's companies.

### Evaluating the work of the Board

The Board's work is evaluated annually using a model that covers the following main areas:

- Board of Directors (roles, planning, functions)
- Board meetings
- Board material, information and reports
- Members of the Board
- Chairman of the Board
- Managing Director

The evaluation is performed by having the members carry out an anonymous assessment of the work of the Board by rating a number of areas/aspects, after which the results are compiled. This year's evaluation painted a positive overall picture of the work of the Board. The Board also evaluates the work of the Committees each year and other members remain satisfied with how the Committees manage their respective areas of responsibility. The results of the evaluation have been presented to and discussed in the Board and reported to the Nominating Committee by the Chairman of the Board. The evaluation forms the basis for the Nominating Committee's various proposals regarding the Board.

### Group Management

Per Avander is the MD and CEO of Bilia and he leads Bilia's ongoing operations. The MD is responsible for implementing and ensuring implementation of the strategies, business plans and operational goals decided by the Board of Directors. The

MD is also responsible for ensuring that the Board of Directors is given information and the necessary data to make decisions, for presenting reports at the Board meetings and for continuously informing the Board of Directors and Chairman of the Group's and company's financial position and development.

The MD is assisted by the Group Management, which comprises managers of business areas and functions. During 2020 the Group Management was extended and at the end of 2020 the Group Management, in addition to the Managing Director, consisted of Stefan Nordström (Deputy MD), Kristina Franzén (CFO) and Frode Hebnæs (MD of Bilia Personbil AS, Norway), Elin Delvert (HR Director), Magnus Karlsson (CIO for the Bilia Group and MD of Motorit AB), Mathias Nilsson (MD of Bilia Personbilar AB) and Anders Rydheimer (Director of Business Development and Communication). The Group Management held 17 meetings in 2020. The meetings mainly focused on the Group's strategic and operational development, budget follow-up and quality issues as well as issues related to the COVID-19 pandemic and its impact on the business.

### Central functions

There are central functions within Bilia for co-ordinating finance, HR, IT, law, marketing and communication. These functions are responsible for developing applicable Group-wide policies, priorities and action plans in their respective areas of responsibility and for driving, supporting and controlling development in the organisation on the basis of their respective expertise.

### The Board's report on internal control

This report is prepared in accordance with the Swedish Annual Accounts Act. It is limited to internal control and risk management relating to financial reporting and encompasses the entire Group. The Board bears ultimate responsibility for ensuring that Bilia's internal control works satisfactorily and that adequate financial reports are presented. Under the Swedish Companies Act, the Board is responsible for Bilia's organisation and management. The Board is responsible for ensuring that Bilia's accounting, fund management and financial situation in general includes satisfactory controls. This responsibility cannot be delegated, rather it always rests ultimately with the Board.

Bilia's control environment is based on communicating clear guidelines to all subsidiaries to ensure that the same rules and policies are applied in the Group's companies and business areas and that the subsidiaries have the necessary tools to report back to Bilia AB in an accurate and uniform manner. The management performs a risk analysis which, following discussions in the Audit Committee and Board, decides, along with other considerations, the focus areas of the internal control.

### Internal control work

As a complement to manager responsibility and other control procedures, Bilia has a function for Risk Management which includes internal control and internal audit work that reports to the company's CFO. The result of the audit is reported directly to Bilia's CFO and the Audit Committee. The audit plan is evaluated yearly in February by the Audit Committee. The appropriateness of the plan is evaluated on an ongoing basis during the year and the necessary changes are approved by the Audit Committee.

Work to secure the internal control is an ongoing process that is subject to constant review, follow-up and improvement.

Bilia's Code of Conduct applies to all employees of the Group and the Board members. The Code of Conduct is available at [bilias.com](http://bilias.com).



## GROUP MANAGEMENT

**Per Avander**

Born 1961. Managing Director and CEO, Bilia AB

**Stefan Nordström**

Born 1966. Deputy Managing Director, Bilia AB.

**Elin Delvert**

Born 1971.  
HR Director, Bilia AB.

**Kristina Franzén**

Born 1966. CFO, Bilia AB.

## EDUCATION

School of economics graduate.

School of economics graduate, IFL.

MBA from Uppsala University, HR studies at Stockholm University and University of Maryland.

M.Sc. in Business Administration from Högskolan i Växjö. Executive MBA from the School of Business, Economics and Law in Gothenburg.

## WORK EXPERIENCE

Active in banking 1981–83, automotive industry since 1983. MD of Din Bil Göteborg AB 1995–99, MD of Din Bil Stockholm Norr 1999–2001. Employed by Bilia since 2001.

Employed by Bilia AB since 1986.

Senior HR positions at L-Soft 1999–2005, Newell Brands 2005–2006, Unibet 2006–2011, Telia Company 2011–2016, Stanley Black & Decker 2016–2018. Employed by Bilia since 2018.

PriceWaterhouse 1989–1993, Arthur Andersen 1993–1996, AB SKF 1996–2017. Employed by Bilia since 2017.

## EXTERNAL POSTS 2020

Member of the board of Volvofinans Bank AB.

—

Member of the board of MAF.

—

## NUMBER OF SHARES IN BILIA

64,000

25,740

1,400

4,000

**Frode Hebnes**

Born 1972. Managing Director, Bilia Personbil AS, Norway.

**Magnus Karlsson**

Born 1968.  
CIO, Bilia Group and CEO Motorit AB.

**Mathias Nilsson**

Born 1971.  
MD Bilia Personbilar AB.

**Anders Rydheimer**

Born 1976.  
Director of Business Development and Communication, Bilia AB.

## EDUCATION

Graduate of Norwegian School of Marketing.

Systems architect at University of Borås.

High school vehicle engineering, management training.

MSc Technology Management and BSc Strategy and Management Control Systems, Lund University Faculty of Engineering and School of Economics and Management.

## WORK EXPERIENCE

Volvo Personbiler Norge 1997–2001, Volvo Car Corporation Göteborg 2001–2004, Volvo Personbiler Norge AS 2004–2006. Employed by Bilia Personbil AS since 2006. MD since December 2008.

Pulsen, Borås 1994–2000, Ericsson, 2000–2008, Volvo Car Retail Solutions, 2008–2011. CIO Bilia Group since 2011 and CEO of Motorit since 2016.

Various positions at Din Bil 1989–2007, MD Möller Bil 2007–2011, senior regional and corporate management positions at Bilia since 2011.

International Management Trainee at Bilia 2002–2004, various management positions in the Bilia Group. Director of Marketing, Communication and Digital since 2010. Director of Business Development since 2020.

## EXTERNAL POSTS 2020

Member of the boards of Expon AS, Expon Holding AS and My Private Label AS and Norges Billbransjeforbund.

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Member of the boards of Newsh AB, VH System AB och Dahlqvist Bil AB.

## NUMBER OF SHARES IN BILIA

2,775

1,316






2,100

4,000

The Group Management 31 December 2020 consisted of 25 per cent women and 75 per cent men.

The Group Management's composition, external posts and holdings of shares are as of 31 December 2020.







## BOARD OF DIRECTORS

						
<b>Mats Qviberg</b> Born 1953. Chairman.	<b>Jan Pettersson</b> Born 1949. Deputy Chairman.	<b>Ingrid Jonasson Blank</b> Born 1962. Board member.	<b>Gunnar Blomkvist</b> Born 1955. Board member. Member of the Compensation, Property and Audit Committees.	<b>Anna Engebretsen</b> Born 1982. Board member.	<b>Eva Eriksson</b> Born 1959. Board member. Chairman of the Property Committee and member of the Compensation Committee.	<b>Mats Holgerson</b> Born 1953. Board member. Member of the Audit Committee.
Elected 2003.	Elected 2003.	Elected 2006.	Elected 2017.	Elected 2010.	Elected 2019.	Elected 2006.
EDUCATION						
M.Sc. in Business Administration from the Stockholm School of Economics.	Degree in economics from Stockholm University 1973.	M.Sc. in Business Administration from the School of Business, Economics and Law in Gothenburg.	M.Sc. in Business Administration from the School of Business, Economics and Law in Gothenburg.	M.Sc. in Business and Economics, Norwegian School of Management in Oslo.	M. Eng, Royal Institute of Technology.	M.Sc. in Business Administration from the Stockholm School of Economics.
WORK EXPERIENCE						
SEB, Carnegie.	Active in the automotive industry, Kinnevik Group, MD of Toyota and Svenska Motor AB, MD and CEO, Bilia AB.	Active in the ICA Group, most recently as deputy MD of Ica Sverige AB.	Employed by Bilia AB, most recently as CFO.	OMD (Omnicom Media Group) and Skistar AB.	Kungsfiskaren Bygg & Fastighets AB, Föreningsbanken AB, JM AB, Norgani Hotels ASA.	MD Statoil Norge, Statoil Detaljhandel Skandinavia and Menigo Foodservice and Chief Operating Officer ICA AB.
POSTS 2020						
Chairman of Investment AB Öresund. Deputy Chairman of Fabega AB.	Chairman of Active Driving AB and Trosta Park AB.	Member of the board of Musti Group Oy, Orkla AS, Nordic Morning Group Oy, Kjell & Co AB, Bygghemma AB, Haypp Group AB, Forenom Oy, Nordic Morning Oy, ZetaDisplay AB and Astrid Lindgrens AB.	—	Member of the boards of Investment AB Öresund, MaxFastigheter i Sverige AB and MQ MarQet AB.	Member of the boards of OBOS, Norway and MaxFastigheter Sverige AB.	Member of the boards of Trophi Fastighets AB and Nordward Seafood Holding AB.
INDEPENDENT IN RELATION TO THE COMPANY AND THE COMPANY MANAGEMENT						
Yes	Yes	Yes	No	Yes	Yes	Yes
INDEPENDENT IN RELATION TO MAJOR SHAREHOLDERS OF THE COMPANY						
No	Yes	Yes	Yes	No	Yes	Yes
ATTENDANCE AT ORDINARY BOARD MEETINGS (5), %						
100	100	100	100	100	100	80
ATTENDANCE AT EXTRA BOARD MEETINGS (15), %						
100	93	100	100	100	100	100
ATTENDANCE AT COMMITTEE MEETINGS, %						
—	—	—	100	—	100	100
NUMBER OF SHARES / WARRANTS IN BILIA						
13,028,795 <sup>1)</sup>	1,200,000 <sup>2)</sup>	40,000	75,598	5,170,360 <sup>1)</sup>	5,000	22,440

<sup>1)</sup> With family.

<sup>2)</sup> With family. 1,020,000 shares are endowment insurance and 180,000 are directly registered.

A total of 20 Board meetings were held during 2020; one statutory meeting, five ordinary meetings, eight extra meetings plus six meetings by correspondence. Composition of the Board of Directors and all holdings in Bilia AB as of 31 December 2020. See also Group Note 8 "Employees, personnel costs and remunerations for senior officers".

					
<b>Nicklas Paulson</b> Born 1970. Board member.  Elected 2018.	<b>Jon Risfelt</b> Born 1961. Board member. Chairman of the Audit Committee.  Elected 2003.	<b>Patrik Nordvall</b> Born 1967. Employee representative.  Elected 2004. Appointed by the PTK (Federation of Salaried Employees in Industry and Services) locals in the Bilia Group.	<b>Dragan Mitrasinovic</b> Born 1958. Employee representative.  Elected 2005. Appointed by the LO (Swedish Trade Union Confederation) locals in the Bilia Group.	<b>Anders Bejmar</b> Born 1960. Deputy employee representative.  Elected 2016. Appointed by the PTK locals in the Bilia Group.	<b>Isak Ekblom</b> Born 1988. Deputy employee representative.  Elected 2016. Appointed by the LO locals in the Bilia Group.
<b>EDUCATION</b>					
M.Sc. in Business Administration from the Stockholm University.	M. Eng. in Chemical Engineering, Royal Institute of Technology.	Process engineering studies and IHM Business School Senior.	Vocational training in automotive technology.	—	Auto body technician, Motorbranschens Tekniska Gymnasium.
<b>WORK EXPERIENCE</b>					
Carnegie, Alfred Berg, ABN AMRO and Swedbank.	Ericsson, SAS, American Express, Nyman & Shultz, Europolitan and Gambro Renal.	Employed by Bilia AB.	Employed by Bilia AB.	Employed by Bilia AB. Eneqvist bil AB.	Employed by Bilia AB. Position of trust at IF Metall.
<b>POSTS 2020</b>					
MD of Investment AB Öresund. Member of the board of Ovzon AB.	Chairman of Knowit AB and CAB Group AB. Member of the boards of Boule Diagnostics AB, Elos Medtech AB and Projektengagemang AB.	Shop steward for Unionen at Bilia and Property management developer.	Shop steward of Bilia's local branch in Stockholm and car mechanic.	Shop steward for Ledarna at Bilia Personbilar AB, as well as Ledarna lokala klubben Stockholm. Member of the board of Teknik & Motor Öst and the main board of Teknik & Motor.	Shop Steward for IF Metall Gothenburg. Member of the board of ABF Sydvästra Götaland.
<b>INDEPENDENT IN RELATION TO THE COMPANY AND THE COMPANY MANAGEMENT</b>					
Yes	Yes	—	—	—	—
<b>INDEPENDENT IN RELATION TO MAJOR SHAREHOLDERS OF THE COMPANY</b>					
No	Yes	—	—	—	—
<b>ATTENDANCE AT ORDINARY BOARD MEETINGS (5), %</b>					
100	100	100	80	100	100
<b>ATTENDANCE AT EXTRA BOARD MEETINGS (15), %</b>					
100	100	100	100	93	93
<b>ATTENDANCE AT COMMITTEE MEETINGS, %</b>					
100	100	—	—	—	—
<b>NUMBER OF SHARES</b>					
2,000	25,940	504	28	—	—

**Auditors**

KPMG AB was re-elected as the Group's public accounting firm by the 2020 AGM for the period up until the 2021 AGM.

**Johan Kratz**, born 1963, Authorised Public Accountant, KPMG AB and member of FAR. Auditor in charge at Bilia since 2017.

# The Bilia share

The Bilia share has been listed on the Nasdaq Stockholm exchange since 1984. The share is traded under the ticker code BILIA.

At 31 December 2020, the share capital amounted to SEK 257 M (257), divided among 102,799,952 Series A shares, including repurchased own shares of 3,886,210. The quotient value is SEK 2.50 per share. Each share represents one vote. All Series A shares are entitled to an equal share in Bilia's assets and profits.

## Total return

The OMX Stockholm Retail PI rose by 7 per cent in 2020. The Bilia share decreased from SEK 106.30 to SEK 101.40 during the year. The highest price paid, SEK 133.00, was quoted on 17 November 2020. The lowest price paid, SEK 52.90, was quoted on 16 April 2020.

Bilia's shareholders received a total return of -5 per cent (35) in 2020. The calculation is based on share price performance.

Bilia's market capitalisation at year-end was SEK 10,424 M (10,928), based on the total number of shares outstanding. A total of 98.7 million Bilia shares (58.4) were traded in 2020 at a value of SEK 8,397 M (4,974). This turnover represented 99 per cent (58) of the weighted average number of shares.

The P/E ratio based on earnings in 2020 was 10 (13).

## Beta coefficient

The volatility of the price of a single share compared with the volatility of the stock market as a whole is known as the beta coefficient, or beta. If the beta is greater than 1, this means that the share price fluctuates more than the average for the exchange. A value lower than 1 indicates that the share is less sensitive than the exchange as a whole.

The Bilia share's beta for 2020 is 0.98. This means that the price fluctuations for the Bilia share have been less than the average price fluctuations on Nasdaq Stockholm.

## Number of shareholders increased

Bilia had 41,028 shareholders at the end of 2020, compared with 38,670 a year earlier. Most shareholders own relatively small lots. Of the shareholders, 87.2 per cent (86.2) owned fewer than 1,000 shares. The proportion of institutional ownership was 7.7 per cent (9.4), while the proportion of foreign ownership was 32.5 per cent (33.0). Bilia's holding of repurchased shares amounted to 3.8 per cent.

## Dividend policy

Over a business cycle, Bilia's dividend should provide the shareholders with a competitive dividend yield in comparison with similar listed companies. Good dividend growth is also striven for, and the dividend should amount to at least 50 per cent of the net profit for the year.

Bilia's earning capacity, cash flow, investment needs and overall financial position are also taken into account when determining the size of the dividend. An effort is also made to ensure that Bilia has an optimal capital structure at any given time.

## Proposed dividend SEK 6.00

Bilia's Board of Directors proposes to the Annual General Meeting of 27 April 2021 that an ordinary dividend be paid in the amount of SEK 6.00 per share (—). The proposed dividend in SEK corresponds to 60 per cent (65) of the net profit for the year. Previous year's proposed dividend of SEK 5.25 was withdrawn by the Board before the AGM 2020 due to the uncertainty related to the COVID-19 pandemic.

## Stock split

During 2017, in accordance with a resolution by the AGM, the number of shares was increased by dividing each share into two shares (a 2-for-1 stock split) for the purpose of increasing trade in the share. The record date for the stock split was 7 June 2017.

## Analyses of Bilia

The Bilia share is analysed above all by Swedish brokerage houses and banks. The following analysts cover Bilia regularly:

- Mats Liss, Kepler Cheuvreux, +46 8 723 51 18
- Andreas Lundberg, SEB, +46 8 763 85 33
- Mika Karppinen, Handelsbanken Capital Markets, +358 10 444 27 52

## Shareholder information

Bilia's information to the stock market and its shareholders should be characterised by correctness, relevance, openness and speed. Shareholders wishing to receive the annual report and half-year reports directly through the mail should notify Euroclear Sweden AB.

Bilia's press releases, quarterly reports and annual reports are available at [www.bilia.com](http://www.bilia.com). Additional information on the company, its financial performance and the Bilia share can also be found there. It is also possible to subscribe to press releases and send queries to Bilia on Bilia's website.

Data per Share	2016	2017	2018	2019	2020
Earnings, SEK	6.20 <sup>2)</sup>	6.75 <sup>3)</sup>	7.25 <sup>4)</sup>	8.00 <sup>5)</sup>	9.85 <sup>6)</sup>
Equity, SEK <sup>1)</sup>	24.40	25.95	28.85	31.80	40.05
Operating cash flow, SEK	4.55 <sup>2)</sup>	3.45 <sup>3)</sup>	5.35 <sup>4)</sup>	8.50 <sup>5)</sup>	28.70 <sup>6)</sup>
Share price at year-end, SEK	104.75	80.00	82.85	106.30	101.40
P/E ratio, times	17	12	11	13	10
Price/equity ratio, %	429	308	287	334	253
Dividend yield, %	4.3	5.3	6.2	—	7.0
Dividend, SEK	4.00	4.50	4.75	—	6.00 <sup>7)</sup>
Payout ratio, % <sup>8)</sup>	65	66	65	—	60

<sup>1)</sup> Calculated based on the number of shares outstanding at the end of each year. For 2020, the number of shares outstanding was 98,913,742, for 2019 it was 100,133,742, for 2018 and 2017 it was 100,950,952 and for 2016 it was 102,799,952.

<sup>2)</sup> Calculated after exercised warrants corresponding to 529,364 shares during 2016, and 1,398,484 new issue of shares which gives a weighted average number of shares of 102,261,494.

<sup>3)</sup> Calculated after buy-back of 1,849,000 shares during August–November 2017, resulting in a weighted average number of shares of 102,282,796.

<sup>4)</sup> Calculated on a weighted average number of shares outstanding 2018, 100,950,952.

<sup>5)</sup> Calculated after buy-back of 817,210 shares during November–December 2019, resulting in a weighted average number of shares of 98,858,864.

<sup>6)</sup> Calculated after buy-back of 1,220,000 shares during December 2020, resulting in a weighted average number of shares of 100,089,698.

<sup>7)</sup> Proposed dividend.

<sup>8)</sup> Calculated after assigned performance shares within the frame of incentive programs, which gives 99,020,299 number of outstanding shares for 2020, 100,230,974 for 2019 and 101,054,370 for 2018. Calculated after full exercise of the warrants, which gives 100,950,952 number of outstanding shares for 2017 and 102,799,952 for 2016.

All years have been recalculated after stock split 2:1.

## Change in share capital

Year	Number of shares	Change Share capital, SEK M	Change, SEK M	Reason
1985	15,000,000	300		
1987	21,000,000	6,000,000	420	120 Bonus issue
1988	21,032,486	32,486	421	1 New issue at conversion
1989	21,046,667	14,181	421	0 New issue at conversion
1990	21,076,925	30,258	422	1 New issue at conversion
1991	31,674,669	10,597,744	634	212 New issue at conversion
2001	28,554,512	-3,120,157	571	-63 Reduction
2002	25,699,061	-2,855,451	514	-57 Reduction
2004 <sup>1)</sup>	60,845,603	35,146,542	608	94 Reduction/lowering of par value of share/subordinated shares, Series C
2005	23,129,155	-37,716,448	231	-377 Redemption subordinated shares, Series C
2007	21,459,255	-1,669,900	215	-16 Reduction
2009	25,293,574	3,834,319	253	38 Exercised warrants
2010	24,883,946	-409,628	249	-4 Exercised warrants/reduction
2011	25,080,028	196,082	251	2 Exercised warrants
2012	25,114,099	34,071	251	0 Exercised warrants
2013	25,139,592	25,493	251	0 Exercised warrants
2014	25,174,033	34,441	252	1 Exercised warrants
2015	50,436,052	25,262,019	252	0 Exercised warrants/stock split
2016	51,399,976	963,924	257	5 Exercised warrants/new share issue
2017	102,799,952	51,399,976	257	0 Stock split

<sup>1)</sup> Of which subordinated shares, Series C, 37,716,448 shares, SEK 377 M.

## Distribution of shares, 31 December 2020

Shareholding	Total number of shareholders	Percentage of total no. of shareholders	Combined number of shares owned	Percentage of share capital
1–1,000	35,795	87.2	7,041,760	6.8
1,001–10,000	4,803	11.7	12,464,172	12.1
10,001–100,000	357	0.9	9,613,712	9.4
100,001–	72	0.2	69,794,098	67.9
<b>Total</b>	<b>41,027</b>	<b>100.0</b>	<b>98,913,742</b>	<b>96.2</b>
Repurchased own shares	1	0.0	3,886,210	3.8
<b>Total</b>	<b>41,028</b>	<b>100.0</b>	<b>102,799,952</b>	<b>100.0</b>

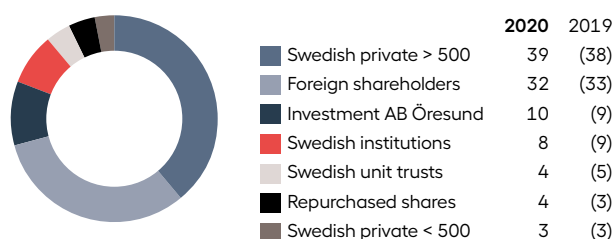
The 15 largest shareholders at 31 December 2020

	Total	Stake, per cent
Qviberg with family	13,028,795	12.7
Öresund, Investment AB	9,860,000	9.6
State Street Bank and Trust Co, W9	5,219,398	5.1
Engbretsen with family	5,170,360	5.0
Bilia repurchased own shares	3,886,210	3.8
JP Morgan Bank Luxembourg S.A.	3,428,832	3.3
BNY Mellon Na (Former Mellon), W9	3,172,547	3.1
Jp Morgan Chase NA <sup>1)</sup>	2,903,800	2.8
CBNY-Norges Bank	2,714,187	2.6
Morgan Stanley & Co Intl Plc, W8imy	2,325,866	2.3
The Northern Trust Company	1,987,671	1.9
Deutsche Bank Ag, W8imy	1,402,175	1.4
Handelsbanken Fonder	1,375,101	1.4
Försäkringsaktiebolaget, Avanza Pension	1,246,860	1.2
Pettersson, Jan <sup>2)</sup>	1,200,000	1.1
<b>Total</b>	<b>58,921,802</b>	<b>57.3</b>
Remaining shareholders	43,878,150	42.7
<b>Total</b>	<b>102,799,952</b>	<b>100.0</b>

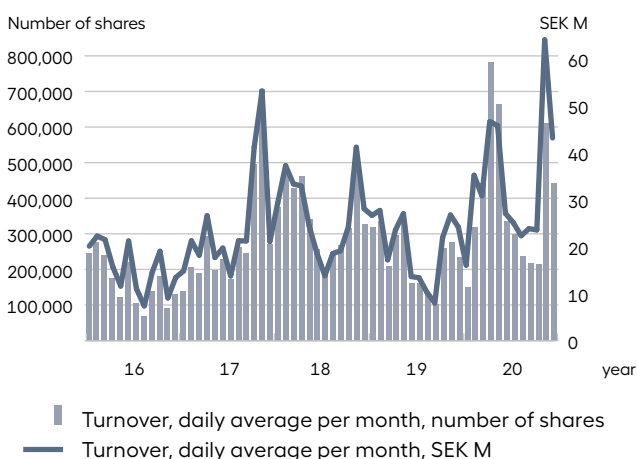
<sup>1)</sup> JPM Chase NA has 9 funds with the same name and address. They have been aggregated in the table above.

<sup>2)</sup> Includes shares in an endowment insurance with 1,020,000.

Ownership by categories at 31 December 2020, %

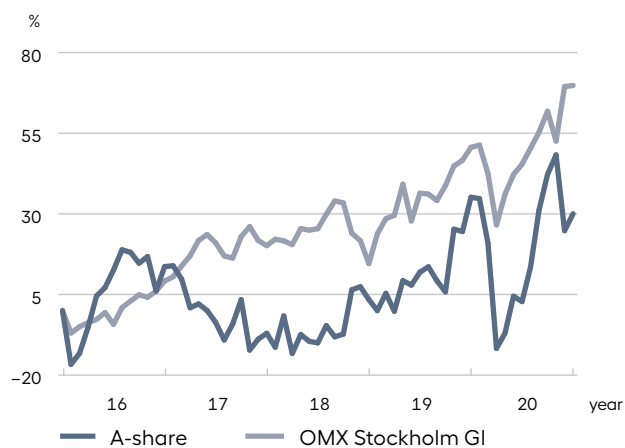


Turnover of Bilia share



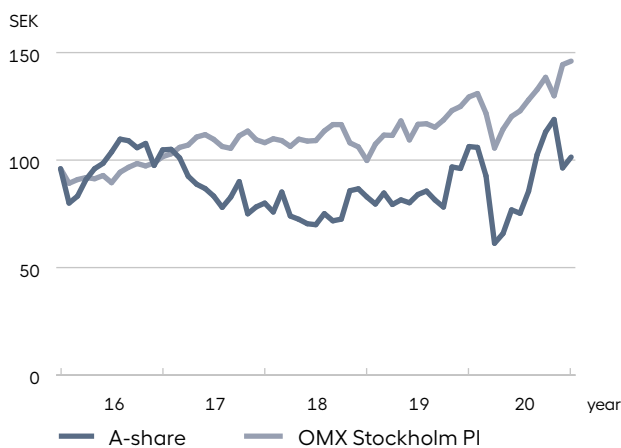
Source: Nasdaq

Total return of Bilia share



Source: Nasdaq

Development of Bilia share



Source: Nasdaq

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# Consolidated Statement of Income and Other Comprehensive Income

SEK M	Note	2020	2019
Net turnover	2, 3, 4, 5	30,168	29,508
Cost of goods sold	3, 5, 10, 20	-25,168	-24,588
<b>Gross profit</b>		<b>5,000</b>	<b>4,920</b>
Other operating income	6	19	24
Selling expenses	10	-2,828	-3,079
Administrative expenses	9, 10	-679	-721
Other operating expenses	7, 10	-148	-19
<b>Operating profit</b>	<b>4, 8, 29</b>	<b>1,364</b>	<b>1,125</b>
Financial income		3	12
Financial expenses		-153	-164
Profit from shares in associated companies	17	46	41
<b>Net financial items</b>	<b>11</b>	<b>-104</b>	<b>-111</b>
<b>Profit before tax</b>		<b>1,260</b>	<b>1,014</b>
Tax	12	-276	-207
<b>Net profit for the year</b>		<b>984</b>	<b>807</b>
<b>Other comprehensive income</b>			
<i>Items that can be reclassified to profit or loss</i>			
Translation differences attributable to foreign operations		-93	31
<b>Other comprehensive income after tax</b>		<b>-93</b>	<b>31</b>
<b>Comprehensive income for the year</b>		<b>891</b>	<b>838</b>
<b>Net profit for the year attributable to:</b>			
Parent Company's shareholders		984	807
<b>Comprehensive income for the year attributable to:</b>			
Parent Company's shareholders		891	838
<b>Earnings per share, SEK</b>	<b>13</b>		
Basic earnings per share		9.85	8.00
Diluted earnings per share		9.85	8.00



## Comments on Consolidated Statement of Income and Other Comprehensive Income

### Net turnover

Net turnover amounted to SEK 30,168 M (29,508), an increase by 2 per cent. Adjusted for comparable operations and exchange rate fluctuations, net turnover increased by 3 per cent with last year. Net turnover was negatively impacted from exchange rate fluctuations by SEK 770 M, mainly Norwegian kroner.

Net turnover in the **Car Business** increased by 4 per cent to a total of SEK 23,616 M (22,678). Net turnover, for comparable operations and exchange rate fluctuations, increased by 5 per cent (-2). In Sweden underlying turnover increased by 4 per cent (-2), in Norway by 12 per cent (6) while underlying turnover in Western Europe decreased by 2 per cent (+10). Income from supplementary services in the form of financing decreased by 5 per cent (-2) to SEK 646 M (680). Income from long-term leases decreased by SEK 28 M (-29) and commission from finance companies decreased by SEK 6 M (13).

Net turnover in the **Service Business** decreased by 1 per cent to SEK 6,971 M (7,052). Adjusted net turnover for the Group in the Service Business (see definition on page 114) increased by 1 per cent (6). In Sweden, adjusted turnover decreased by 1 per cent (+7) and in Western Europe by 26 per cent (+5) while in Norway adjusted turnover increased by 13 per cent (5).

Net turnover in the **Fuel Business** decreased by 18 per cent (+3) to a total of SEK 1,093 M (1,338). The entire decrease is attributable to Sweden.

### Operating profit

Operating profit for the Group increased by SEK 239 M or 21 per cent and amounted to SEK 1,364 M (1,125).

Operational earnings increased by 29 per cent to total SEK 1,593 M (1,239), the margin amounted to 5.3 per cent (4.2).

Performance analysis, SEK M	2020	2019
<b>Operational earnings</b>	<b>1,593</b>	<b>1,239</b>
Gain from sale of property	—	8
Structural costs etc.	-136	-4
Acquisition-related costs and value adjustments	—	-3
Amortisation/impairment losses of surplus values	-93	-115
<b>Operating profit</b>	<b>1,364</b>	<b>1,125</b>

Structural costs (see definition on page 114) during 2020 relate primarily to Volvo Cars termination of Bilia's dealer agreements, the closure of three facilities in Germany, costs for severance pay in our markets and relocation of an operation in Sweden. The costs related to Volvo Car's termination of the dealer agreements constitutes an initial assessment of the costs of carrying out an initial restructuring of the business. Discussions with Volvo Cars are in an initial stage which is why today it is not possible to estimate the future financial impact on Bilia's operations. Bilia's sales of new Volvo cars 2020 amounted to approximately SEK 6.4 Bn, and accounted for approximately 20 per cent of the Group's turnover. The operating profit for 2020 amounted to approximately SEK 80 M, and accounted for approximately 5 per cent of the Group's operating profit. Acquisition-related expenses and value

adjustments relate to costs for acquiring operations. Amortisation/impairment of surplus values in 2019 includes a one-off write down of intangible assets in Western Europe, Germany, which amounted to SEK 20 M.

Personnel expenses were reduced due to furloughing employees with SEK 31 M, of which SEK 21 M related to Western Europe and SEK 10 M to Norway. There was no reported financial support for furlough of employees in Sweden. Temporary rules were introduced during a period for all Swedish/Norwegian companies regarding sick pay and/or social security contributions, which reduced personnel expenses by SEK 17 M compared with last year.

Operational earnings in the Swedish operation totalled SEK 1,178 M (950) with a margin of 6.4 per cent (5.3). In Norway earnings increased by SEK 167 M to SEK 444 M (277) with a margin of 5.5 per cent (3.7). In Western Europe earnings decreased to SEK 41 M (91) with a margin of 1.1 per cent (2.2).

Operating profit for the Parent Company totalled SEK -76 M (-84).

Operational earnings for the **Service Business** increased to SEK 1,157 M (945), an increase of 22 per cent. The main factor behind the increase was higher gross profit margin and lower costs. The margin for the Service Business increased to 16.6 per cent (13.4).

Operational earnings for the **Car Business** increased by SEK 129 M and amounted to SEK 477 M (348). The increase was mainly attributable to a higher net turnover in sales of new and used cars. The profit from sales of used cars amounted to SEK 297 M (244), which was the highest result ever for a whole year. The Car Business' margin increased to 2.0 per cent (1.5). Deliveries of new cars for comparable units decreased by 11 per cent (-5), while deliveries for used cars increased by 3 per cent (2). Order intake for new cars decreased by 11 per cent (+2). The order backlog for new cars increased by 14 per cent, totalling 13,458 cars (11,767) at year-end.

Operational earnings for the **Fuel Business** totalled SEK 29 M (25). The improvement was due to a higher gross profit margin and lower costs.

### Net financial items

Net financial items amounted to SEK -104 M (-111). The improvement compared to last year was mainly due to higher result from shares in associated companies and a slightly lower net interest.

### Profit before tax

Profit before tax increased by SEK 246 M and totalled SEK 1,260 M (1,014).

### Tax for the year

Tax for the year increased by SEK 69 M to a total of SEK -276 M (-207), and the effective tax rate was 22 per cent (20).

### Profit for the year

Profit for the year totalled SEK 984 M (807). This equates to earnings per share of SEK 9.85 (8.00) based on the average number of outstanding shares. The profit margin was 3.3 per cent (2.7).

# Consolidated Statement of Financial Position

SEK M	Note	31/12/20	31/12/19
<b>Assets</b>	5, 27, 30		
<b>Non-current assets</b>			
<b>Intangible assets</b>	14		
Intellectual property		557	636
Goodwill		812	847
<b>Total intangible assets</b>		<b>1,369</b>	<b>1,483</b>
<b>Property, plant and equipment</b>	15		
Land and buildings		900	779
Construction in progress		48	42
Equipment, tools, fixtures and fittings		483	518
Leased vehicles		2,781	3,130
Right-of-use assets	16	2,649	2,682
<b>Total property, plant and equipment</b>		<b>6,861</b>	<b>7,151</b>
<b>Long-term investments</b>			
Interests in associated companies	17	468	433
Financial investments	18	9	8
Long-term receivables	19	1	1
<b>Total long-term investments</b>		<b>478</b>	<b>442</b>
Deferred tax assets	12	131	110
<b>Total non-current assets</b>		<b>8,839</b>	<b>9,186</b>
<b>Current assets</b>			
<b>Inventories</b>			
Merchandise	20	3,743	4,571
<b>Current receivables</b>			
Current tax assets	13	70	172
Trade receivables	28	1,233	1,402
Prepaid expenses and accrued income	21	251	273
Other receivables	19, 28	217	241
Cash and cash equivalents	28, 33	2,063	236
<b>Total current receivables</b>		<b>3,834</b>	<b>2,324</b>
<b>Total current assets</b>		<b>7,577</b>	<b>6,895</b>
<b>Total assets</b>	4	<b>16,416</b>	<b>16,081</b>

# Consolidated Statement of Financial Position

SEK M	Note	31/12/20	31/12/19
<b>Equity and liabilities</b>	5, 27, 30		
<b>Equity</b>			
Share capital		257	257
Other contributed capital		167	167
Reserves		-69	24
Retained earnings including net profit for the year		3,613	2,738
<b>Total equity</b>		<b>3,968</b>	<b>3,186</b>
<b>Non-current liabilities</b>			
Bond issue	22, 28	1,292	1,289
Non-current interest-bearing liabilities	22, 28	2,339	2,417
Other non-current liabilities	25	1,510	1,621
Other provisions	24	330	222
Deferred tax liabilities	12	446	416
<b>Total non-current liabilities</b>		<b>5,917</b>	<b>5,965</b>
<b>Current liabilities</b>			
Bond issue	22, 28	130	—
Current interest-bearing liabilities	22, 28	1,096	1,446
Trade payables	28	2,224	2,298
Current tax liabilities		183	224
Other liabilities	25, 28	1,708	1,766
Accrued expenses and deferred income	26	1,165	1,192
Other provisions	24	25	4
<b>Total current liabilities</b>		<b>6,531</b>	<b>6,930</b>
<b>Total liabilities</b>		<b>12,448</b>	<b>12,895</b>
<b>Total equity and liabilities</b>	4	<b>16,416</b>	<b>16,081</b>

Pledged assets and contingent liabilities for the Group, see Note 31.

## Comments on the Consolidated Statement of Financial Position

The consolidated balance sheet total increased by SEK 335 M and amounted to SEK 16,416 M (16,081). The main reason for the increase was higher cash and cash equivalents. Last year's proposed dividend of approximately SEK 525 M was withdrawn due to regulations related to the COVID-19 pandemic, which contributed to the increase of cash and cash equivalents.

### Financing

Net debt decreased by SEK 2,160 M during the year and amounted to SEK 2,333 M (4,493). The decrease was mainly attributable to higher cash and cash equivalents which increased by SEK 1,827 M. The strong cash flow and the withdrawn dividend impacted positively. Excluding lease liabilities related to IFRS 16, net debt was positive and amounted to SEK -278 M (1,873). The Group had a net positive bank balance with Nordea and DNB of SEK 1,824 M (55) at the end of the year. Current interest-bearing liabilities decreased by SEK 257 M (264). The ratio of net debt to EBITDA excluding IFRS 16, was -0.2 times (1.3).

### Equity

Equity increased by SEK 782 M and amounted to SEK 3,968 M. Dividend to shareholders was withdrawn during the year. During the year Bilja repurchased 1,220,000 of its own shares at a purchase price of SEK 122 M. A revaluation of a put option increased equity by SEK 10 M (-6). Comprehensive income for the year totalled SEK 891 M (838).

Details of changes in equity are referred to the Consolidated Statement of Changes in Equity.

### Performance measures

Return on capital employed amounted to 16.7 per cent (15.8). Return on equity amounted to 27.5 per cent (26.5). The Group's target is 18.0 per cent.

Asset turnover decreased compared to last year, amounting to 1.94 times (2.04).

The equity/assets ratio amounted to 24.2 per cent (19.8).

Equity per share before dilution amounted to SEK 40.05 (31.80) based on 98,913,742 outstanding shares (100,133,742).

# Consolidated Statement of Changes in Equity

SEK M	Number of shares	Share capital	Other contributed capital	Reserves, translation reserve	Retained earnings incl. net profit for the year	Total equity
<b>Opening equity 1 Jan. 2019</b>	<b>102,799,952</b>	<b>257</b>	<b>167</b>	<b>-7</b>	<b>2,498</b>	<b>2,915</b>
<b>Comprehensive income/loss for the year</b>						
Net profit for the year	—	—	—	—	807	807
Other comprehensive income/loss after tax	—	—	—	31	—	31
<b>Comprehensive income/loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>31</b>	<b>807</b>	<b>838</b>
<b>Transactions with the Group's owners</b>						
Incentive	—	—	—	—	1	1
Buy-back of own shares	—	—	—	—	-79	-79
Revaluation of put option	—	—	—	—	-6	-6
Dividend (SEK 4.75 per share)	—	—	—	—	-483	-483
<b>Total transactions with the Group's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-567</b>	<b>-567</b>
<b>Closing equity 31 Dec. 2019</b>	<b>102,799,952</b>	<b>257</b>	<b>167</b>	<b>24</b>	<b>2,738</b>	<b>3,186</b>

<b>Opening equity 1 Jan. 2020</b>	<b>102,799,952</b>	<b>257</b>	<b>167</b>	<b>24</b>	<b>2,738</b>	<b>3,186</b>
<b>Comprehensive income/loss for the year</b>						
Net profit for the year	—	—	—	—	984	984
Other comprehensive income/loss after tax	—	—	—	-93	—	-93
<b>Comprehensive income/loss for the year</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-93</b>	<b>984</b>	<b>891</b>
<b>Transactions with the Group's owners</b>						
Incentive	—	—	—	—	3	3
Buy-back of own shares	—	—	—	—	-122	-122
Revaluation of put option	—	—	—	—	10	10
Dividend (SEK — per share) <sup>1)</sup>	—	—	—	—	—	—
<b>Total transactions with the Group's owners</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-109</b>	<b>-109</b>
<b>Closing equity 31 Dec. 2020</b>	<b>102,799,952</b>	<b>257</b>	<b>167</b>	<b>-69</b>	<b>3,613</b>	<b>3,968</b>

<sup>1)</sup> Proposed dividend of SEK 5.25 per share was withdrawn due to regulations related to the COVID-19 pandemic.

## Comments on the Consolidated Statement of Changes in Equity

### Other contributed capital

When shares are issued at a premium, i.e. when the price paid for the shares is more than their quotient value, an amount corresponding to the amount obtained in excess of the shares' quotient value shall be posted to "Other contributed capital".

### Reserves, translation reserve

The translation reserve includes all translation differences that arise when translating the financial statements of foreign entities that have prepared their financial statements in another currency than the currency in which the consolidated financial statements are presented. The Parent Company and the Group present their financial statements in Swedish kronor.

Reconciliation, translation reserve, SEK M	2020	2019
Opening translation reserve	24	-7
Translation difference for the year	-93	31
Closing translation reserve	-69	24

### Retained earnings including net profit for the year

Retained earnings including net profit for the year includes earnings in the Parent Company and its subsidiaries.

### Equity

#### Buy-back of own shares

Acquisition of own shares is recognised as a deduction from equity. Any transaction costs are recognised directly in equity.

#### Revaluation of put option

Put options issued for shares held by parties without a controlling interest are recognised as a financial liability equivalent to the present value of the estimated exercise price. The exercise price is set at current exchange rate and earnings per share.

#### Dividends

Dividends are recognised as a liability after the AGM has approved the dividend.



# Consolidated Statement of Cash Flows

SEK M	Note	2020	2019
<b>Operating activities</b>	33		
Profit before tax		1,260	1,014
Depreciation/amortisation and impairment losses		1,188	1,227
Other items not affecting cash		106	22
Tax paid		-221	-281
<b>Cash flow from operating activities before change in working capital</b>		<b>2,333</b>	<b>1,982</b>
Change in inventories		707	-532
Change in operating receivables		180	-565
Change in operating liabilities		-65	552
<b>Cash flow from operating activities</b>		<b>3,155</b>	<b>1,437</b>
<b>Investing activities</b>			
Acquisition of non-current assets (intangible and tangible)		-231	-246
Disposal of non-current assets (intangible and tangible)		46	53
Acquisition of leased vehicles		-1,341	-1,660
Disposal of leased vehicles		1,243	1,271
<b>Operating cash flow</b>		<b>2,872</b>	<b>855</b>
Investment in financial assets		-4	-6
Disposal of financial assets		5	5
Acquisition of operation		-170	-73
Disposal of operation		12	0
<b>Cash flow from investing activities</b>		<b>-440</b>	<b>-656</b>
<b>Cash flow after net investments</b>		<b>2,715</b>	<b>781</b>
<b>Financing activities</b>			
Borrowings		1,430	1,434
Repayment of loans		-1,711	-1,238
Repayment of lease liabilities		-67	-64
Repayment of lease liabilities IFRS 16		-414	-432
Buy-back of own shares		-122	-79
Dividend paid to Parent Company's shareholders		0	-483
<b>Cash flow from financing activities</b>		<b>-884</b>	<b>-862</b>
<b>Change in cash and cash equivalents, excluding translation differences</b>		<b>1,831</b>	<b>-81</b>
Exchange difference in cash and cash equivalents		-4	3
<b>Change in cash and cash equivalents</b>		<b>1,827</b>	<b>-78</b>
Cash and cash equivalents at start of year		236	314
Cash and cash equivalents at year-end		2,063	236

The previous year has been recalculated regarding the classification of IFRS 16 transactions regarding operating cash flow.

## Comments on the Consolidated Statement of Cash Flows

### Operating activities

Cash flow from operating activities increased by SEK 1,718 M to SEK 3,155 M (1,437). The increase was mainly attributable to a lower working capital, primarily inventories, which contributed positively to the cash flow with SEK 822 M (-545). Furthermore the profit before tax increased by SEK 246 M. Depreciation/amortisation and impairment losses decreased by SEK 39 M. Other non-cash items and taxes increased the cash flow from operating activities by SEK 144 M.

### Investing activities

Acquisitions and disposals of non-current assets and lease vehicles increased by SEK 299 M to SEK -283 M (-582) net. Investments in non-current assets increased by SEK 8 M net, and investments in lease vehicles increased by SEK 291 M net.

### Operating cash flow

Operating cash flow increased by SEK 2,017 M and totalled SEK 2,872 M (855).

### Cash flow after net investments

Cash flow after net investments amounted to SEK 2,716 M (781). This includes acquisitions and disposals of financial assets in the amount of SEK 1 M (-1). Acquisitions and disposals of operations reduced the net cash flow by 158 M (-73).

### Financing activities

Cash flow from financing activities amounted to SEK -884 M (-862). Net borrowing and repayment of loans totalled SEK -281 M (+196). An unsecured bond loan of SEK 500 M was issued in October 2020 together with a redeemed unsecured bond loan of SEK 370 M. Net borrowing and repayment of right-of-use assets from IFRS 16 totalled SEK -414 M (-432). Buy-back of own shares amounted to SEK 122 M (79). Proposed dividend to shareholders was withdrawn 2020 due to regulations related to the COVID-19 pandemic. During 2019 dividend amounted to SEK 483 M.

### Net debt/receivable

Net debt decreased by SEK 2,160 M (+2,890), amounting to SEK 2,333M (4,493). Net debt, excluding IFRS 16 decreased by SEK 2,151 M (-270) was thereby positive and amounted to SEK -278 M (1,873).

### Specification of interest-bearing net debt/receivable:

SEK M	2020	2019
Current interest-bearing liabilities	783	1,040
Non-current interest-bearing liabilities	1,471	1,503
Lease liabilities IFRS 16	2,611	2,620
Cash and cash equivalents	-2,063	-236
Interest-bearing assets	-1	-1
Interests in associated companies	-468	-433
<b>Net debt(+)/receivable(-) at end of year</b>	<b>2,333</b>	<b>4,493</b>
<b>Net debt(+)/receivable(-) at end of year, excluding IFRS 16</b>	<b>-278</b>	<b>1,873</b>

### Ratio of net debt to EBITDA:

SEK M	2020	2019
<b>Operational earnings</b>	<b>1,593</b>	<b>1,239</b>
<b>Operational earnings, excluding IFRS 16</b>	<b>1,537</b>	<b>1,193</b>
Total depreciation/amortisation	1,128	1,146
- Amortisation of surplus values	-93	-95
- Depreciation of right-of-use assets	-440	-451
- Depreciation of leased vehicles with repurchase agreements	-318	-337
<b>Depreciation/amortisation added back</b>	<b>717</b>	<b>714</b>
<b>Depreciation/amortisation added back, excluding IFRS 16</b>	<b>277</b>	<b>263</b>
<b>EBITDA</b>	<b>2,310</b>	<b>1,953</b>
<b>EBITDA, excluding IFRS 16</b>	<b>1,814</b>	<b>1,456</b>
The ratio of net debt to EBITDA rolling 12 months, times	1.0	2.3
The ratio of net debt to EBITDA rolling 12 months, times, excluding IFRS 16	-0.2	1.3

Liquidity remains good, and at the end of December a net receivable of SEK 1,824 M (55) was reported from the banks (Nordea and DNB). Bilia's combined credit limit with Nordea and DNB amounts to SEK 1,500 M.

# Notes to the Consolidated Financial Statements

Amounts in SEK M unless otherwise stated.

## Note 1 Key accounting principles

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. Furthermore, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary Accounting Rules for Groups has been applied.

The Group accounting policies have been consistently applied to all periods presented in the consolidated financial statements, unless otherwise stated below.

The annual accounts and consolidated accounts were approved for publication by the Board of Directors and Managing Director on 9 March 2021. The Consolidated Statement of Income and Other Comprehensive Income and the Parent Company's Income Statement and Balance Sheet will be subject to adoption at the AGM on 27 April 2021.

Bilia describes the accounting policies in connection with each note for the purpose of providing a better understanding of the accounting area in question. Bilia focuses on describing the accounting choices that have been made within the framework of the applicable IFRS policy and avoids repeating the text of the standard unless it is considered particularly important for an understanding of the content of the note.

### Valuation criteria applied in the preparation of Parent Company and consolidated financial statements

Assets and liabilities are recognised at cost, except for certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities that are measured at fair value consist of derivative instruments measured at fair value through profit or loss and financial assets.

### Functional currency and presentation currency

The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish kronor.

### Revised accounting policies

There are no revised accounting policies from 1 January 2020. On 1 January 2019, IFRS 16 Leases replaced existing IFRS relating to accounting of leases. In the transition to IFRS 16 on 1 January 2019 Bilia has used a modified retroactive method, which means that the financial year 2018 was not restated.

### Alternative performance measures

Bilia applies the new guidelines from the European Securities and Markets Authority (ESMA) concerning alternative performance measures (APMs). Even though these performance measures are not defined or specified by IFRS, Bilia believes that they provide valuable information to investors but also for Bilia's management as a complement to IFRS for better assessing Bilia's performance. Definitions and performance measures in this report are shown on page 114. Reconciliation of performance measures can be found at [bilia.com/investors/financial-information](http://bilia.com/investors/financial-information).

### New IFRS that have not yet been applied

New or revised IFRS to be used in future are not expected to have any material effect on the consolidated financial statements.

### Classification

Non-current assets and non-current liabilities consist for the most part of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets and current liabilities consist for the most part of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

### Consolidation principles

The consolidated accounts have been prepared according to the principles in IFRS 10 Consolidated Financial Statements. Intra-Group transactions and profits from transactions with associated companies are eliminated. The consolidated accounts include the Parent Company, subsidiaries and associated companies.

"Subsidiaries" refers to companies in which Bilia owns more than 50 per cent of the voting power or over which it otherwise exercises a controlling influence.

"Associated companies" refers to companies over which Bilia has a significant influence, usually when Bilia's holding corresponds to more than 20 per cent but less than 50 per cent of the voting power. Holdings in associated companies are reported according to the equity method.

In cases where the subsidiaries' and the associated companies' accounting policies do not agree with the Group's accounting policies, adjustments have been made to the Group's accounting policies.

### Transactions eliminated on consolidation

Intra-Group receivables and liabilities, revenue or expenses and unrealised profits or losses arising from intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated accounts.

### Financial statements of foreign operations

IAS 21 "The Effects of Changes in Foreign Exchange Rates" is applied when translating the financial statements of foreign operations.

Assets and liabilities in foreign operations, including goodwill and other fair value adjustments on consolidation, are translated to Swedish kronor at the rate in effect on the balance sheet date. Income and expenses in foreign operations are translated into Swedish kronor at an average rate which is an approximation of the rates in effect at the time of each transaction. Translation differences that arise when translating the accounts of foreign operations are recognised in other comprehensive income and accumulated in a separate component of equity, called the translation reserve.

On disposal of a foreign operation, the accumulated translation differences attributable to the operation are realised, whereby they are reclassified from the translation reserve in equity to profit or loss for the year.



### Transactions in foreign currencies

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the rate in effect on the balance sheet date. Exchange rate differences arising from translations are recognised in profit or loss for the year. Non-monetary assets and liabilities recognised at cost are translated at the exchange rate in effect at the time of the transaction.

### Assessments and estimates in the financial statements

Preparing the financial statements in accordance with IFRS requires management to make assessments and estimates as well as assumptions that influence the application of the accounting policies and the carrying amounts of assets, liabili-

ties, income and expenses. Actual outcomes may differ from these estimates and assessments.

The estimates and assumptions are regularly reviewed. Changes in estimates are recognised in the period in which the change is made if the change affects only that period, or in the period in which the change is made and in future periods if the change affects both the current and future periods.

Assessments made by management in the application of IFRS that have a significant impact on the financial statements and estimates made, may also entail significant adjustments in subsequent years' financial statements. The table below shows in which notes management's assessments and estimates are presented.

Source of uncertainty	Note	
Revenue from cars sold with repurchase agreements	2, 15, 25	Revenue, Property, plant and equipment, Other liabilities
Customer relations	14	Intangible assets
Goodwill	14	Intangible assets
Leases	15, 16, 25, 26, 29	Property, plant and equipment, Right-of-use-assets, Other liabilities, Accrued expenses and deferred income, Leases
Valuation of used cars	20	Inventories
Pensions	23	Pensions
Termination of dealership agreement	24	Provisions
Service subscriptions	25	Other liabilities



## Note 2 Revenue

### ► Accounting principle

Bilia applies IFRS 15 Revenue from Contracts with Customers

Revenues in the normal course of the business consists of sale of goods or services. Service revenues are defined as business activities that do not include physical products or where the content of physical products is minor compared to the total business activity. Products that are not included in a service agreement is reported as a separate performance obligation and classified as revenues from products. Revenue from the sale of goods is recognised at a point in time when the control have been transferred to the purchaser.

### Sale of goods

Revenue from the sale of goods is recognised at a point in time when the control over goods or a service have been transferred to the customer. The revenue is recognised at the fair value of what has been received or is expected to be received. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group.

In cases where the sale of a product involves that the control of goods remains with Bilia and is combined with a future repurchase commitment at a beforehand guaranteed residual value (repurchase agreement), the transaction is reported as an operating lease. The revenue from the transaction is not recognised at the time of sale, but is allocated on a straight-line basis from the time of sale to the time of repurchase. Up until the time of repurchase, this sale is recognised as other liabilities, "liability pertaining to cars sold with repurchase agreements", and the gross profit is recognised as deferred income.

### Sale of services

Revenue from services is recognised as a service revenue either at a point in time or over time. In those agreements where the service is delivered to the customer over time, the revenue is accounted for over the duration of the contract. Revenue is not recognised if it is probable that the economic benefits will not flow to the Group. Revenue from the rendering of services is recognised in profit or loss for the year based on the stage of completion on the balance sheet date. The stage of completion is determined by an assessment of services rendered and material employed at the balance sheet date. Rendering of services mainly include service subscriptions and tyre hotels.

### Revenue from finance brokering

Revenue from finance brokering is recognised on a straight-line basis during the lease period, since the service is received over the lease period.

### Leasing of cars

Revenue from leased vehicles is recognised on a straight-line basis during the lease period.

### Contract liabilities

Revenue pertaining to cars sold with repurchase agreements, service subscriptions and tyre hotels are recognised as contract liabilities until the control of the service has been transferred to the customer. See Note 26 "Accrued expenses and deferred income". Based on active service subscriptions, future estimated turnover during the contract period of 36 months is around SEK 450 M.

### Customer loyalty programme

Bilia's customers can participate in a customer loyalty programme. The customer receives vouchers for future purchases based on purchases made during previous periods. Not all issued vouchers are redeemed, however.

### ► Important accounting estimates and judgements

#### *Revenue from cars sold with repurchase agreements*

When a car is sold with a repurchase agreement, Bilia undertakes to take back the car at a pre-guaranteed residual value. These agreements are recognised as operating leases. The agreements entail that Bilia has a residual value risk and that Bilia may in the future be forced to dispose of used cars at a loss if the net realisable value of these cars is lower than had been foreseen when the agreement was entered into. Estimates are made regularly of a future net realisable value for these vehicles. If the residual value is higher than the net realisable value, this is adjusted by depreciation or impairment of the value of the assets to the extent the shortfall cannot be offset by future unrealised revenue. These vehicles are recognised as leased vehicles, see Note 15 "Property, plant and equipment," and as liability, see Note 25 "Other liabilities". Future unrealised gross profit pertaining to cars sold with repurchasing agreements amounted at year-end to SEK 73 M (101), see Note 26 "Accrued expenses and deferred income".

	2020	2019
<b>Net turnover<sup>1)</sup></b>		
Workshop	3,039	3,008
Spare parts	3,793	3,949
Other	139	95
<b>Total Service Business</b>	<b>6,971</b>	<b>7,052</b>
Sale of goods	22,794	21,814
Revenue from cars sold with repurchase agreements and rental cars	559	595
Revenue from finance brokering	263	269
<b>Total Car Business</b>	<b>23,616</b>	<b>22,678</b>
Fuels	1,093	1,338
<b>Total Fuel Business</b>	<b>1,093</b>	<b>1,338</b>
Rental income	380	349
IT and training services	202	195
Eliminations	-2,094	-2,104
<b>Total</b>	<b>30,168</b>	<b>29,508</b>

<sup>1)</sup> Net turnover for Workshop, Revenue from cars sold with repurchase agreements, Revenue from finance brokering and Rental income include revenue that is recognised over time.

## Note 3 Income from supplementary services in the Car Business

Income from supplementary services in the Car Business consists of finance brokering and cars sold with repurchase agreements.

Finance brokering consists of long-term leases, hire-

purchase contracts, current net return on financial contracts and revenue from finance brokering that have been transferred to finance companies. This financing is aimed at Bilia's customers.

	2020	2019
Revenue for cars sold with repurchase agreements	383	411
Revenue from finance brokering	263	269
Amortisation on cars sold with repurchase agreements	-318	-337
Impairment on cars sold with repurchase agreements	-8	—
Other	-8	-16
<b>Total</b>	<b>312</b>	<b>327</b>
Of which:		
Income from finance brokering and other	248	253
Income from cars sold with repurchase agreements	64	74
<b>Total</b>	<b>312</b>	<b>327</b>

## Note 4 Operating segments

### ► Accounting principle

Bilia applies IFRS 8 Operating Segments in accounting for operating segments.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available. An operating segment's operating results are regularly reviewed by the company's chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance.

The Group's operations are organised in such a manner that the Group Management can review the operational earnings generated by the Group's different products and services. Each operating segment has a manager who is responsible for its day-to-day operations and who regularly reports the outcome of the segment's performance and its need of resources to the country manager, who is in turn a member of the Group Management. Since the Group Management reviews the operating results and makes decisions about resource allocation based on the products and services provided by the Group, these products and services constitute the Group's operating segments.

The Group's internal reporting is structured so that the Group Management can review the performance and earnings of all products and services. It is on the basis of this internal reporting that the Group's segments have been identified by aggregating the different components to similar segments. The segments have similar economic characteristics such as gross profit margin, products, customers and modes of distribution, and they operate in a similar regulatory environment.

The following seven operating segments have been identified:

#### Service

- Sweden
- Norway
- Western Europe

Service includes products and services within workshop and spare parts as well as store sales.

#### Cars

- Sweden
- Norway
- Western Europe

New and used cars and transport vehicles as well as supplementary services such as financing and insurance are offered in all markets.

#### Fuels

Fuels includes sales of petrol, diesel, ethanol, compressed gas and car washes. The Fuels segment is not subdivided geographically.

The Parent Company Bilia AB is responsible for the Group's management, strategic planning, law, purchasing, public relations, business development, marketing, HR, real estate activities, accounting and financing, mainly for companies in the Group.

The Parent Company is accounted for under "segment reconciliation".

Intra-Group transactions consist primarily of lending, interest, property and IT activities. Other transactions between Group companies are of a marginal scope. Internal prices between the different segments of the Group are set based on the assumption of arm's length transactions between knowledgeable, willing parties. Interest rates are based on Bilia AB's borrowing rate at any given time plus a small margin.

The segment's operational earnings include directly attributable items and items that can be allocated among the segments in a reasonable and reliable manner. Segment reconciliation consists of general administrative expenses where all items are attributable to the Parent Company.

The segments' investments in property, plant and equipment and intangible assets include all investments except investments in expendable equipment and equipment of minor value.

Note 4 cont'd.

**Group's operating segments**

	Service		Car		Fuel		Total		Segment reconciliation		Group	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Net turnover</b>												
External sales	5,433	5,467	23,616	22,678	1,093	1,338	30,142	29,483	26	25	30,168	29,508
Internal sales	1,538	1,585					1,538	1,585	-1,538	-1,585	—	—
<b>Total net turnover</b>	<b>6,971</b>	<b>7,052</b>	<b>23,616</b>	<b>22,678</b>	<b>1,093</b>	<b>1,338</b>	<b>31,680</b>	<b>31,068</b>	<b>-1,512</b>	<b>-1,560</b>	<b>30,168</b>	<b>29,508</b>
Depreciation/amortisation	-389	-371	-655	-708	-5	-5	-1,049	-1,084	-79	-62	-1,128	-1,146
Operational earnings/Operating profit	1,157	945	477	348	29	25	1,663	1,318	-299	-193	1,364	1,125
Interest income											3	12
Interest expenses											-153	-164
Profit from shares in associated companies			46	41			46	41			46	41
<b>Profit before tax</b>											<b>1,260</b>	<b>1,014</b>
Tax expense for the year											-276	-207
<b>Net profit for the year</b>											<b>984</b>	<b>807</b>
<b>Revenue and cost items that affect the comparability of the Group's operating profit:</b>												
- Profit from sale of property		4		4				8				8
- Structural costs etc.	-40	-1	-90	-3	-2		-132	-4	-4		-136	-4
- Acquisition-related costs and value adjustments	-1	-1	1	-2				-3				-3
- Amortisation/impairment losses of surplus values	-46	-58	-47	-57			-93	-115			-93	-115
<b>Total</b>	<b>-87</b>	<b>-56</b>	<b>-136</b>	<b>-58</b>	<b>-2</b>	<b>—</b>	<b>-225</b>	<b>-114</b>	<b>-4</b>	<b>—</b>	<b>-229</b>	<b>-114</b>
<b>Assets</b>												
Interests in associated companies			468	433			468	433			468	433
Deferred tax assets											131	110
Other assets											15,817	15,538
<b>Total assets</b>			<b>468</b>	<b>433</b>			<b>468</b>	<b>433</b>			<b>16,416</b>	<b>16,081</b>
Investments in non-current assets	117	90	1,381	1,713	4	5	1,502	1,808	70	98	1,572	1,906
<b>Liabilities</b>												
Equity											3,968	3,186
Liabilities											12,448	12,895
<b>Total liabilities and equity</b>											<b>16,416</b>	<b>16,081</b>

	Service						Car					
	Sweden		Norway		Western Europe		Sweden		Norway		Western Europe	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Net turnover</b>												
External sales	3,554	3,428	1,370	1,315	509	724	13,666	13,052	6,643	6,204	3,307	3,422
Internal sales	944	1,014	492	471	102	100						
<b>Total net turnover</b>	<b>4,498</b>	<b>4,442</b>	<b>1,862</b>	<b>1,786</b>	<b>611</b>	<b>824</b>	<b>13,666</b>	<b>13,052</b>	<b>6,643</b>	<b>6,204</b>	<b>3,307</b>	<b>3,422</b>
Depreciation/amortisation	-217	-215	-117	-97	-55	-59	-522	-542	-83	-111	-50	-55
Operational earnings	831	674	273	205	53	66	318	251	171	72	-12	25
Profit from shares in associated companies							46	41				
<b>Revenue and cost items that affect the comparability of the Group's operating profit:</b>												
- Profit from sale of property		4						4				
- Structural costs etc.	-21	-1	-1	0	-18		-78	-2	-2	0	-10	-1
- Acquisition-related costs and value adjustments	-2	-1			1			-1		-1	1	0
- Amortisation/impairment losses of surplus values	-14	-12	-11	-12	-21	-34	-13	-11	-12	-12	-22	-34
<b>Total</b>	<b>-37</b>	<b>-10</b>	<b>-12</b>	<b>-12</b>	<b>-38</b>	<b>-34</b>	<b>-91</b>	<b>-10</b>	<b>-14</b>	<b>-13</b>	<b>-31</b>	<b>-35</b>
<b>Assets</b>												
Interests in associated companies							468	433				
Investments in non-current assets	87	44	22	37	8	9	1,215	1,406	137	264	29	43

	Revenue from external customers		Non-current assets	
	2020	2019	2020	2019
<b>Geographical segments</b>				
Sweden	18,339	17,836	7,525	7,225
Norway	8,013	7,526	1,716	2,106
Germany	1,009	1,361	101	107
Luxembourg	1,332	1,312	588	605
Belgium	1,475	1,473	570	628
Segment reconciliation	0	0	-1,792	-1,595
<b>Total</b>	<b>30,168</b>	<b>29,508</b>	<b>8,708</b>	<b>9,076</b>

## Note 5 Business combinations

### ► Accounting principle

Bilia applies IFRS 3 Business Combinations in accounting for acquisitions.

All acquisitions are accounted for by the acquisition method. The acquisition method entails that acquisition of a subsidiary is regarded as a transaction whereby the Group indirectly acquires the subsidiary's assets and assumes its liabilities. The acquisition analysis establishes the acquisition-date fair value of acquired identifiable assets and assumed liabilities as well as any non-controlling interests. Transaction costs that arise are recognised directly in profit or loss for the year.

In business combinations where the purchase consideration exceeds the fair value of net identifiable assets acquired and liabilities assumed that are accounted for separately, any surplus values are allocated to acquired assets and liabilities based on fair value. If there is a remaining value it is called goodwill. When the value is negative, the resulting gain is recognised as a bargain purchase directly in profit or loss for the year.

The consideration transferred for the acquisition of a subsidiary does not include amounts related to the settlement of pre-existing business relationships. Such amounts are recognised in profit or loss.

Contingent considerations are recognised at acquisition-date fair value and are remeasured at each report date and the change is recognised in profit or loss for the year.

Non-controlling interests in the Group's total equity are recognised in an amount equivalent to the minority shareholders' share of the identifiable net assets in concerned subsidiaries, i.e. excluding goodwill. In certain acquisitions, non-controlling interests are instead recognised initially at fair value, i.e. including goodwill, according to the full goodwill method. Put options issued for shares held by parties without a controlling interest are recognised as a financial liability equivalent to the present value of the estimated exercise price. Bilia has opted to apply the principles of the Anticipated Acquisition Method when recognising the liability. Under this method, a non-controlling interest is not recognised in the Group's total equity, but is instead replaced by a liability to the holder of the non-controlling interest equivalent to the present value of the exercise price for the shares according to the put option.

The financial statements of subsidiaries are included in the consolidated accounts as from the acquisition date until the date when control no longer exists.

### Effects of acquisitions in 2020

#### *Jönköpings Bildemontering AB, ECRIS AB and Riddersbergs Fastighets AB*

On 1 November 2020 Bilia acquired Jönköpings Bildemontering AB, ECRIS AB and the real estate company that owns the property in which the two companies' operations are run. The operations are run from the facility in Jönköping. Jönköpings Bildemontering AB's operation consists of car dismantling and sales of used cars. ECRIS AB's operation comprises sales of renovated and new car parts, and the renovation and storage of electric batteries. The operation has a turnover of approximately SEK 140 M a year, and reports an average operating margin of approximately 15 per cent. During 2020 the operation contributed with around SEK 29 M in turnover and with around SEK 1 M in operating profit. Calculated on a full-year basis this translates to around SEK 174 M in turnover and around SEK 6 M in operating profit.

The purchase price amounted to SEK 218 M. The whole purchase price was paid in cash. There was no contingent consideration.

The acquisition means that Bilia will continue its sustainability programme by harnessing and reusing car parts in a way that is sustainable both for the business and the environment.

The operation has about 80 employees and will continue to be conducted from the present-day facility.

Acquisition-related expenses amounting to SEK 0.1 M consist of fees to consultants for due diligence and have been recognised as "Other operating expenses".

#### *Effects of the acquisition*

The acquisition has the following effect on the Group's assets and liabilities.

**Acquiree's net assets at the acquisition date:**

Intangible assets, customer relations	49
Property, plant and equipment	131
Long-term investments	1
Deferred tax asset	0
Inventories	60
Trade receivables and other receivables	24
Cash and cash equivalents	48
Interest-bearing liabilities	34
Trade payables and other liabilities	36
Deferred tax liability	25
<b>Net identifiable assets and liabilities</b>	<b>218</b>
Consolidated goodwill	—
<b>Net identifiable assets and liabilities, including goodwill</b>	<b>218</b>
Purchase consideration paid	218
Less: Cash and cash equivalents in acquired operation	-48
<b>Net effect on cash and cash equivalents</b>	<b>170</b>

Acquired customer relations totalling SEK 48 M are recognised as intangible assets. These customer relations will be amortised over 10 years.

**Effects of acquisitions in 2019***Jensen & Scheele Bil AS*

On 1 April 2019, Bilia acquired Jensen & Scheele Bil AS, a Volvo dealership in Norway. The operation is in three nearby facilities in Halden, Østfold south of Oslo, Norway. Jensen & Scheele Bil AS consists of a complete Volvo facility, a body shop and a facility for sale of used cars with related service workshop. During 2019, the operation contributed with around SEK 278 M in turnover and with around SEK 9 M in operating profit. Calculated on a full-year basis this translates to around SEK 370 M in turnover and around SEK 12 M in operating profit. The purchase consideration was SEK 50 M. The entire purchase consideration was paid in cash. There is no contingent purchase consideration.

The acquisition means additional facilities in an attractive area, where Bilia will offer customers high quality service. The company's expertise and experience will serve to further develop Bilia in Norway.

The operation has about 55 employees and will continue to be conducted from the present-day facility.

Acquisition-related expenses amounting to SEK 0.8 M consist of fees to consultants for due diligence and have been recognised as "Other operating expenses".

*Effects of the acquisition*

The acquisition has the following effect on the Group's assets and liabilities.

**Acquiree's net assets at the acquisition date:**

Intangible assets, customer relations	46
Property, plant and equipment	199
Long-term investments	0
Deferred tax asset	1
Inventories	52
Trade receivables and other receivables	14
Cash and cash equivalents	2
Interest-bearing liabilities	56
Trade payables and other liabilities	199
Deferred tax liability	9
<b>Net identifiable assets and liabilities</b>	<b>50</b>
Consolidated goodwill	—
<b>Net identifiable assets and liabilities, including goodwill</b>	<b>50</b>
Purchase consideration paid	50
Less: Cash and cash equivalents in acquired operation	-2
<b>Net effect on cash and cash equivalents</b>	<b>48</b>

Acquired customer relations totalling SEK 46 M are recognised as intangible assets. These customer relations will be amortised over 10 years.

The 2019 acquisitions of an autorised service centre in Furubakken, Norway and En Bättre Däckaffär Scandinavia AB, a wheel storage supplier for car dealers in Stockholm, Sweden did not have any material effect on the Group, which is why acquisition analyses have not been provided.

## Note 6 Other operating income

	2020	2019
Gain on disposal of non-current assets	4	16
Gain from sale of operation, other	5	—
Other	10	8
<b>Total</b>	<b>19</b>	<b>24</b>

“Other operating income” includes the disposal of the motorcycle business in Luxembourg and a small business in Norway. Previous year includes the disposal of a property related to a facility in Sweden, used by both Car and Service Business.

## Note 7 Other operating expenses

	2020	2019
Loss on disposal of non-current assets	-3	-4
Write-down of property	-5	—
Structural costs	-136	-4
Acquisition-related costs and value adjustments	0	-3
Other	-4	-8
<b>Total</b>	<b>-148</b>	<b>-19</b>

“Other operating expenses” includes structural costs mainly attributable to an initial assessment of restructuring of the business related to Volvo Cars' termination of Bilia's dealer agreements, closure of three of a total of seven facilities in Germany as well as costs for severance solutions in Sweden, Norway and Western Europe and relocation of operations in Sweden with SEK 136 M (4). The costs related to Volvo Cars' termination of the dealer agreements are an initial assessment of the costs for restructuring our operations. The discussions with Volvo Cars are in an introductory phase, which is why it's not currently possible to estimate the future financial impact on Bilia's operations.

## Note 8 Employees, personnel costs and remunerations for senior officers

### ► Accounting principle

Bilia applies IAS 19 Employee Benefits in accounting for benefits to employees. When operations have been adversely affected by the pandemic during 2020, the Group has utilised the opportunity to furlough employees, that has been reported in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance.

### Furlough benefits

When operations have been adversely affected by the pandemic during 2020, the Group has utilised the opportunity to furlough employees, in line with the regulations in each country of operation. The financial effect of furloughing employees is recognised as a decrease in personnel expenses. The decrease in personnel expenses is recognised when the application is final and it is deemed that the conditions for utilising furlough have been fully met and the furlough action, based on prevailing regulations, is expected to be approved by the authority in each country.

### Short-term benefits

Short-term benefits are calculated without discounting and are recognised as a cost when the related services have been rendered.

A provision is recognised for the expected cost of profit-sharing and bonus payments when the Group has a present legal or constructive obligation to make such payments as a result of the fact that services have been rendered by employees and a reliable estimate of the obligation can be made.

### Termination benefits

A cost for benefits in conjunction with termination of personnel is only recognised if the company is demonstrably committed by a formal detailed plan to terminate an employment before the normal retirement date, without a realistic possibility of withdrawal. When benefits are paid as an offer to encourage voluntary retirement, a cost is recognised if it is probable that the offer will be accepted and the number of employees that will accept the offer can be reliably estimated.

During the second quarter, an average of around 400 people were wholly or partially furloughed from their jobs, mainly in Western Europe where operations have been wholly or partially closed following government decisions. During the second half of the year, the opportunity to furlough employees was used to only a very limited extent.

Personnel expenses decreased by SEK 31 M due to furloughs during the year whereof SEK 21 M of this related to Western Europe and SEK 10 M to Norway. Temporary rules were introduced for a period for all Swedish and Norwegian companies as regards sick pay and/or social security contributions, which reduced personnel expenses for the Swedish and Norwegian operations by SEK 11 M and SEK 6 M respectively during the year compared to last year. There was no financial support for furloughing employees reported in Sweden.

Costs for remunerations to employees	2020	2019
Wages, salaries and other remunerations	2,276	2,374
Pension costs <sup>1)</sup>	218	227
Social security contributions	593	594
<b>Total</b>	<b>3,087</b>	<b>3,195</b>

<sup>1)</sup> For further information see Note 23 “Pensions”.



Average number of employees	2020	of whom men	2019	of whom men
<b>Parent Company</b>				
Sweden	183	77	188	85
<b>Total in Parent Company</b>	<b>183</b>	<b>77</b>	<b>188</b>	<b>85</b>
<b>Subsidiaries</b>				
Sweden	2,318	2,080	2,450	2,176
Norway	1,102	998	1,123	1,007
Germany	179	136	203	159
Luxembourg	152	130	162	139
Belgium	163	129	172	145
<b>Total in subsidiaries</b>	<b>3,914</b>	<b>3,473</b>	<b>4,110</b>	<b>3,626</b>
<b>Group total</b>	<b>4,097</b>	<b>3,550</b>	<b>4,298</b>	<b>3,711</b>

The Group Management for 2020 consists of two women and six men (25 per cent women). The Group Management for 2019 consists of one woman and three men (25 per cent women).

The Board of Directors consists of three women and six men (7), (33 per cent women), who are elected by the AGM. In addition there are four employee representatives, all men, two of whom are deputies.

### Wages, salaries and other remunerations broken down between senior officers and other employees, plus social security contributions in the Parent Company

Parent Company	2020			2019		
	Senior officers (18 persons)	Other employees	Total	Senior officers (17 persons)	Other employees	Total
Wages, salaries and other remunerations	22	109	131	17	101	118
(of which bonus etc.)	(6)	(4)	(10)	(4)	(5)	(9)
Social security contributions	15	52	67	22 <sup>1)</sup>	50	72
(of which pension costs)	(8)	(17)	(25)	(16) <sup>1)</sup>	(19)	(35)

"Senior officers" for 2020 includes Bilia AB's Board of Directors, 13 persons, including two deputies, MD, Deputy MD, CFO, HR Director and Director of Business Development and Communication of Bilia AB.

"Senior officers" for 2019 includes Bilia AB's Board of Directors, 14 persons, including two deputies, MD, Deputy MD and CFO.

<sup>1)</sup> Special payroll tax on company-owned pensions is included with SEK 11 M. Tax expense for the year has been reduced by the corresponding amount due to the increase in value of pensions.

### Wages, salaries and other remunerations, pension costs and pension obligations for senior officers in the Group

	2020	2019
	Senior officers (21 persons)	Senior officers (18 persons)
Wages, salaries and other remunerations	30	21
(of which bonus etc.)	(8)	(5)
Pension costs	9	17 <sup>1)</sup>
Pension obligations	213	216

"Senior officers" for 2020 includes Bilia AB's Board of Directors, 13 persons, including two deputies, MD, Deputy MD, CFO, CIO, HR Director and Director of Business Development and Communication of Bilia AB. MD of Bilia Personbilar AB, and MD of Bilia Personbil AS, Norway.

"Senior officers" for 2019 includes Bilia AB's Board of Directors, 14 persons, including two deputies, MD, Deputy MD, CFO and MD of Bilia Personbil AS, Norway.

<sup>1)</sup> Special payroll tax on company-owned pensions is included with SEK 11 M. Tax expense for the year has been reduced by the corresponding amount due to the increase in value of pensions.

Note 8 cont'd.

**Remuneration to senior officers**

The Annual General Meeting approved the payment of fees to the Board of Directors and subcommittee members. The AGM 2020 was postponed from April to June due to the spread of the COVID-19 virus. Fees are payable to the chairman and members of the Audit Committee, Compensation Committee and Property Committee. The AGM further decides on guidelines for remuneration to senior officers.

The Board of Directors has appointed the Compensation Committee to propose compensation terms for the MD and other senior officers in the Group Management. By "other members of the Group Management" is meant the Deputy MD, CFO, CIO, HR Director and Director of Business Development and Communication of Bilia AB, MD of Bilia Personbilar AB, and MD of Bilia Personbil AS.

**Wages, salaries and other remunerations to senior officers, SEK '000**

Parent Company 2020	Director's fee/Basic salary (excl. social sec. contr.)	Bonus	Pension costs	Other benefits	Total	Pension obligations
Chairman (Mats Qviberg)	340	—	—	—	340	—
Board members (8) <sup>1)</sup>	1,898	—	—	—	1,898	—
Audit, Compensation and Property Committee (5)	360	—	—	—	360	—
<i>Employee representatives:</i>						
Appointed (2)	72	—	—	—	72	—
Deputies (2)	43	—	—	—	43	—
MD, Per Avander	5,303	2,871	3,902	241	12,317	18,424
Other senior officers (4)	7,491	3,262	3,857	392	15,002	4,370
Former senior officers	—	—	—	—	—	193,529
<b>Total</b>	<b>15,507</b>	<b>6,133</b>	<b>7,759</b>	<b>633</b>	<b>30,032</b>	<b>216,323</b>

<sup>1)</sup> Anna Engebretsen, Ingrid Jonasson Blank, Eva Eriksson, Gunnar Blomkvist, Jon Risfelt, Mats Holgerson, Jan Pettersson and Nicklas Paulson. Five of the members are also members of the Audit, Compensation and Property Committees. Jack Forsgren declined re-election at the 2020 Annual General Meeting.

**Wages, salaries and other remunerations to senior officers, SEK '000**

Parent Company 2019	Director's fee/Basic salary (excl. social sec. contr.)	Bonus	Pension costs	Other benefits	Total	Pension obligations
Chairman (Mats Qviberg)	358	—	—	—	358	—
Board members (9) <sup>1)</sup>	2,214	—	—	—	2,214	—
Audit and Compensation Committee (5)	285	—	—	—	285	—
<i>Employee representatives:</i>						
Appointed (2)	76	—	—	—	76	—
Deputies (2)	46	—	—	—	46	—
MD, Per Avander	4,828	2,370	2,867	221	10,286	16,518
Other senior officers (2)	4,869	1,719	2,552	224	9,364	3,300
Former senior officers	—	—	—	—	0	201,150
<b>Total</b>	<b>12,676</b>	<b>4,089</b>	<b>5,419</b>	<b>445</b>	<b>22,629</b>	<b>220,968</b>

<sup>1)</sup> Jack Forsgren, Anna Engebretsen, Ingrid Jonasson Blank, Eva Eriksson, Gunnar Blomkvist, Jon Risfelt, Mats Holgerson, Jan Pettersson and Nicklas Paulson. Five of the members are also members of the Audit, Compensation and Property Committees.

The Chairman of the Board has not received any other remuneration aside from his director's fee. A fee of SEK 222,000 (232,000) was paid to each of the other Board members, except for the Deputy Chairman, who received SEK 340,000 (358,000). Altogether, fees totalling SEK 1,898,000 (2,214,000) were paid to the Board members elected by the AGM, in accordance with the decision of the 2020 AGM. The AGM further decided that Audit Committee Chairman Jon Risfelt should receive a fee of SEK 120,000 (120,000) and that other members of the Audit Committee (Gunnar Blomkvist and Mats Holgerson) should receive SEK 60,000 each, for a total of SEK 120,000 (120,000). It was decided that the chairman of the Compensation Committee (Nicklas Paulson) should receive SEK 25,000 (25,000), while the other members of the Compensation Committee (Gunnar Blomkvist and Eva Eriksson) should receive SEK 10,000 each, for a total of SEK 20,000 (20,000). It was decided that the chairwoman of the Property Committee (Eva Ericsson) should receive SEK 50,000 (—) and the other member (Gunnar Blomkvist) should receive SEK 25,000 (—). Fees totalling SEK 115,000 (122,000) were paid to the employee representatives on the Board. Altogether, the total fees paid to the Board members amounted to SEK 2,713,000 (2,979,000).

Bonus for the MD, CFO and CIO was based on the Group's profit and customer satisfaction and for CFO also on turnover on equity employed. Bonus for the Deputy MD was based on the Group's profit, customer satisfaction and turnover of operating assets. Bonus for the HR Director and Director of Business Development and Communication was based on the Group's profit, the profit of the Swedish operation and customer satisfaction. Bonus for the MD of Bilja Personbil AS was based on Group's profit, profit of the Norwegian operation, customer satisfaction and turnover of operating assets. Bonus for the MD of Bilja Personbilar AB was based on Group's profit, profit of the Swedish operation, customer satisfaction, turnover of operating assets and used cars. The bonus for 2020 for the MD and other senior officers was maximised at 55 per cent of the individual's basic salary.

"Other benefits" pertained mainly to company cars.

### Incentive programme

The AGM 2018 resolved to establish a long-term incentive programme in the form of a share savings plan. The programme was aimed at some 40 senior officers and other key persons in the Bilja Group. In order to participate in the programme, the participant must have made a private investment by acquiring shares in Bilja AB (publ) savings shares equivalent to a maximum of 10 per cent of the participant's gross basic salary and at least SEK 25,000. For each savings share held within the framework of the programme, the participant can receive at most three performance shares gratuitously from Bilja if the goal established by the Board of Directors regarding total yield on Bilja's shares and increased earnings per share is met. In order to be allotted performance shares, the participant must retain his/her original savings shares from the start of the programme up until 31 March 2021 and must still be employed by the Bilja Group at this point in time. The maximum number of performance shares allotted to the participants in the programme is 118,000.

### Defined-contribution pension

The MD's occupational pension consists of a defined-premium pension, which means that Bilja undertakes to pay premiums to an insurance company and that the employee can determine how the insurance is designed and managed. Pension becomes payable at the age of 65 years. The pension agreement states that the employee's pension premium shall amount to 35 per cent of his pensionable salary. The pensionable salary consists of the monthly salary multiplied by 12.2 plus the bonus paid for the previous year. Pension is payable in an amount corresponding to the value of the insurance. An increase in value increases the employee's pension while a decrease in value reduces the employee's pension. The above premiums will be paid as long as Per Avander is employed as MD of the company.

The Deputy MD's occupational pension consists of a defined-premium pension, which means that Bilja undertakes to pay premiums to an insurance company and that the employee can determine how the insurance is designed and managed. Pension becomes payable at the age of 65 years. The pension agreement states that the employee's pension premium shall amount to 32 per cent of his pensionable salary. The pensionable salary consists of the monthly salary multiplied by 12.2 plus the bonus paid for the previous year. Pension is payable in an amount corresponding to the value of the insurance. An increase in value increases the employee's pension while a decrease in value reduces the employee's pension.

The CFO and other senior officers in Sweden follow the ITP plan and have a supplementary old-age pension. Pension premium for supplementary old-age pension is paid in an amount corresponding to 20 per cent of the pensionable salary in excess of 30 income base amounts. The pensionable salary consists of the monthly salary multiplied by 12.2 plus an average of the past three years' bonuses.

A pension premium amounting to 6.9 per cent of the pensionable salary is paid for the MD of the Norwegian company Bilja Personbil AS.

### Severance pay

The employment contracts of the MD and other members of the Group Management contain special rules governing termination by the company. MD is entitled to 12 months' salary, less any salary received by the employee from other service. Two members in the Group Management are entitled to 24 months' salary, less any salary received by the employee from other service during the last 12 months. These two are, in the event of significant changes in the company's ownership structure that affect the premises or content of their jobs, also entitled to terminate their own employment with the right to 24 months' salary, less any salary received by the employee from other service during the last 12 months.

For information on post-employment employee benefits and share-based employee benefits, see Note 23 "Pensions" and Note 32 "Related parties".

### Profit-sharing system for employees

A total of SEK 25 M (29), including payroll overhead, was allocated in the annual accounts for 2020 to cover profit shares for employees in Sweden. The profit-sharing system is based on result for each legal unit and customer satisfaction compared with other dealers in the country.

## Note 9 Fees and cost reimbursement to auditors

SEK '000	2020	2019
<b>KPMG AB</b>		
Auditing assignment	-5,286	-5,410
Auditing activities other than the auditing assignment	-1,531	-1,232
Tax advice	-71	-31
Other assignments	-146	-662

By "auditing assignment" is meant statutory audit of the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director, plus auditing and other examination as agreed-on or contracted. This includes other tasks that are incumbent upon the company's auditor to perform plus advice or other assistance arising from observations in connection with such auditing or performance of such other tasks. All else is classified as "Auditing activities other than the auditing assignment", "Tax advice" and "Other assignments".

## Note 10 Operating expenses classified by nature of expense

	2020	2019
Merchandise	-24,338	-23,611
Other external expenses	-123	-366
Personnel costs	-3,026	-3,184
Depreciation/amortisation	-1,128	-1,146
Impairment losses	-60	-81
Other operating expenses	-148	-19
<b>Total</b>	<b>-28,823</b>	<b>-28,407</b>

During 2020, the opportunity to furlough employees, in line with the regulations in our countries of operation, has been utilised when operations have been adversely affected by the COVID-19 pandemic. During the second quarter, an average

of around 400 people were wholly or partially furloughed from their jobs, mainly in Western Europe where operations have been wholly or partially closed following government decisions. During the second half of the year, the opportunity to furlough employees was used to only a very limited extent.

Personnel expenses decreased by SEK 31 M due to furloughs during the year whereof SEK 21 M of this related to Western Europe and SEK 10 M to Norway. Temporary rules were introduced for a period for all Swedish and Norwegian companies as regards sick pay and/or social security contributions, which reduced personnel expenses for the Swedish and Norwegian operations by SEK 11 M and SEK 6 M respectively during the year compared to last year.

There was no financial support for furloughing employees reported in Sweden.

## Note 11 Net financial items

### ► Accounting principle

Bilia applies IAS 21 The Effects of Changes in Foreign Exchange Rates, IAS 23 Borrowing Costs, IAS 28 Investments in Associates and Joint Ventures, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, IFRS 9 Financial Instruments in accounting for financial income and expenses and IFRS 16 Leases (from 2019).

Financial income consists of interest income on invested funds, dividend income, gain on disposal of available-for-sale financial assets plus realised and unrealised gains on hedging instruments.

Interest income on financial instruments is recognised according to the effective interest method. Dividend income is recognised when the right to receive dividend has been established. The gain or loss from sale of a financial instrument is recognised when the economic risks and rewards incidental to ownership have been transferred to the purchaser and the Group no longer has control over the instrument.

Financial expenses consist of interest expenses on loans, the effect of reversal of present value calculation of provisions, impairment of financial assets plus realised and unrealised losses on hedging instruments. Effective from 2019 Financial expenses includes an interest expense calculated on the leasing liabilities according to IFRS 16. Borrowing costs are recognised in profit or loss with application of the effective interest method, except

to the extent they are directly attributable to the acquisition, construction or production of a qualifying asset that takes a substantial period of time to get ready for its intended use or sale, in which case they are included in the cost of the assets.

Exchange gains and losses are offset.

The effective interest rate is the rate that discounts the estimated future receipts and payments through the expected life of a financial instrument to the net carrying amount of the financial asset or liability. The calculation includes all fees paid or received by the contracting parties that are a part of the effective interest, transaction costs and all other premiums or discounts.

	2020	2019
Interest income	3	3
Other exchange gains	0	9
<b>Financial income</b>	<b>3</b>	<b>12</b>
Interest expenses	-72	-71
Interest expenses IFRS 16	-76	-85
Cost currency swaps	-1	-7
Other exchange losses	-4	-1
<b>Financial expenses</b>	<b>-153</b>	<b>-164</b>
<b>Profit from shares in associated companies</b>	<b>46</b>	<b>41</b>
<b>Net financial items</b>	<b>-104</b>	<b>-111</b>

## Note 12 Taxes

### ➤ Accounting principle

Bilia applies IAS 12 Income Taxes in accounting for taxes.

Income taxes consist of current tax and deferred tax. Income taxes are recognised in profit or loss for the year except when the underlying transaction is recognised directly in other comprehensive income or in equity, whereby the associated tax effect is recognised in other comprehensive income or equity.

Current tax is tax to be paid or received with respect to the current year, with the application of tax rates that have been enacted or substantively enacted by the balance sheet date. Current tax also includes adjustments of current tax attributable to earlier periods.

Deferred tax is calculated in accordance with the balance sheet method, based on temporary differences between carrying amounts and tax bases of assets and liabilities. Temporary differences are not taken into account in goodwill

on consolidation, nor are differences that arise on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction affects neither accounting nor taxable profit. Furthermore, temporary differences attributable to interests in subsidiary and associated companies that are not expected to be reversed within the foreseeable future are not taken into account either. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realised or settled. Deferred tax is calculated using the tax rates and tax rules that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets pertaining to deductible temporary differences and tax-loss carryforwards are only recognised to the extent that it is likely that they will be able to be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

### Recognised in the Statement of Income and Other Comprehensive Income

	2020	2019
<b>Current tax expense (-)/tax income (+)</b>		
Tax expense/income for the year	-283	-228
Adjustment of tax attributable to previous years	-7	0
<b>Total Current tax</b>	<b>-290</b>	<b>-228</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax pertaining to temporary differences	54	47
Refers to changed tax rates	-7	0
Deferred tax pertaining to appropriations	-33	-26
Refers to capitalised tax value of tax-loss carryforwards	0	—
<b>Total Deferred tax</b>	<b>14</b>	<b>21</b>
<b>Total tax expense recognised</b>	<b>-276</b>	<b>-207</b>

	2020		2019	
	Amount	%	Amount	%
<b>Reconciliation of effective tax</b>				
Profit before tax	1,260		1,014	
Tax according to tax rate applicable to Parent Company	-270	21.4	-217	21.4
Effect of foreign tax rates	-9	0.7	-6	0.6
Tax attributable to previous years	0	0.0	0	0.0
Tax effect of non-deductible expenses	-13	1.0	-25	2.5
Tax effect of non-taxable revenues	21	-1.7	31	-3.1
Tax effect of changed tax rate	-7	0.6	0	0.0
Standard interest on tax allocation reserve	-1	0.1	-1	0.1
Direct deduction, buildings	3	-0.2	11	-1.1
<b>Effective tax recognised</b>	<b>-276</b>	<b>21.9</b>	<b>-207</b>	<b>20.4</b>

Current tax assets amount to SEK 70 M (172) and represent the recoverable amount of current tax on the net profit for the year.

Note 12 cont'd.

	2020			2019		
	Before tax	Tax	After tax	Before tax	Tax	After tax
<b>Tax attributable to other comprehensive income</b>						
Translation differences for the period on translation of foreign financial statements	-93	—	-93	31	—	31
<b>Other comprehensive income/loss</b>	<b>-93</b>	<b>—</b>	<b>-93</b>	<b>31</b>	<b>—</b>	<b>31</b>

**Recognised in Statement of Financial Position**

Deferred tax assets and liabilities	Deferred tax asset		Deferred tax liability		Net	
	2020	2019	2020	2019	2020	2019
<b>Deferred tax assets and liabilities recognised</b>						
<i>Deferred tax assets and liabilities are attributable to the following:</i>						
Intellectual property	1	-6	108	130	-107	-136
Land and buildings	2	2	72	65	-70	-63
Plant and equipment	-15	-9	—	2	-15	-11
Leased vehicles	14	21	—	—	14	21
Right-of-use assets IFRS 16	90	98	—	—	90	98
Financial investments	—	—	1	1	-1	-1
Inventories	9	11	1	-1	8	12
Trade receivables	1	1	—	0	1	1
Untaxed reserves	—	—	260	225	-260	-225
Pension provisions	59	61	—	—	59	61
Other provisions	44	19	—	—	44	19
Lease liabilities IFRS 16	-78	-89	—	—	-78	-89
Operating liabilities	3	—	4	-6	-1	6
Tax-loss carryforwards	1	1	—	—	1	1
<b>Tax assets/liabilities</b>	<b>131</b>	<b>110</b>	<b>446</b>	<b>416</b>	<b>-315</b>	<b>-306</b>

Change in deferred tax in temporary differences and tax-loss carryforwards	Balance as per 1 Jan. 2020	Recognised in profit or loss for the year	Recognised in equity	Acquisition/ disposal of business entity	Balance as per 31 Dec. 2020
Intellectual property	-136	39	—	-10	-107
Land and buildings	-63	2	—	-9	-70
Plant and equipment	-11	-4	—	—	-15
Leased vehicles	21	-7	—	—	14
Right-of-use assets IFRS 16	98	-8	—	—	90
Financial investments	-1	—	—	—	-1
Inventories	12	-4	—	—	8
Trade receivables	1	—	—	—	1
Untaxed reserves	-225	-29	—	-6	-260
Pension provisions	61	-2	—	—	59
Other provisions	19	25	—	—	44
Lease liability IFRS 16	-89	11	—	—	-78
Operating liabilities	6	-7	—	—	-1
Tax-loss carryforwards	1	—	—	—	1
Translation difference for the year	—	-2	2	—	—
<b>Tax assets/liabilities</b>	<b>-306</b>	<b>14</b>	<b>2</b>	<b>-25</b>	<b>-315</b>

Change in deferred tax in temporary differences and tax-loss carryforwards	Balance as per 1 Jan. 2019	Recognised in profit or loss for the year	Recognised in equity	Acquisition/disposal of business entity	Balance as per 31 Dec. 2019
Intellectual property	-144	20	—	-12	-136
Land and buildings	-58	-5	—	—	-63
Plant and equipment	-8	-3	—	—	-11
Leased vehicles	16	5	—	—	21
Right-of-use assets IFRS 16	—	98	—	—	98
Financial investments	-1	0	—	—	-1
Inventories	13	-1	—	0	12
Trade receivables	1	0	—	—	1
Untaxed reserves	-199	-26	—	—	-225
Pension provisions	47	14	—	—	61
Other provisions	11	8	—	—	19
Lease liability IFRS 16	—	-89	—	—	-89
Operating liabilities	5	-1	—	2	6
Tax-loss carryforwards	1	0	—	—	1
Translation difference for the year	—	1	-1	—	—
<b>Tax assets/liabilities</b>	<b>-316</b>	<b>21</b>	<b>-1</b>	<b>-10</b>	<b>-306</b>

## Note 13 Earnings per share

### ► Accounting principle

Bilia applies IAS 33 Earnings Per Share in accounting for earnings per share.

Calculation of earnings per share is based on the consolidated net profit for the year attributable to the Parent Company's owners and on the weighted average number of shares outstanding during the year. In the calculation of diluted earnings per share, the earnings figure and the average number of shares are adjusted to take into account the diluting effects of potential ordinary shares deriving during reported periods from issued warrants attributable to the debenture loan. See Note 27 "Financial instruments".

	Basic earnings per share		Diluted earnings per share	
	2020	2019	2020	2019
Earnings per share	9.85	8.00	9.85	8.00

The calculation of earnings per share for 2020 is based on the net profit for the year attributable to the Parent Company's ordinary shareholders, amounting to SEK 984 M (807), and on a weighted average number of shares outstanding. During 2020, the weighted average number of shares was 100,089,698 (100,858,864).

Net profit for the year attributable to the Parent Company's ordinary shareholders, basic	2020	2019
Net profit for the year attributable to the Parent Company's ordinary shareholders	984	807
<b>Net profit for the year attributable to the Parent Company's ordinary shareholders, basic</b>	<b>984</b>	<b>807</b>

Net profit for the year attributable to the Parent Company's ordinary shareholders, diluted	2020	2019
Net profit for the year attributable to the Parent Company's ordinary shareholders	984	807
<b>Net profit for the year attributable to the Parent Company's ordinary shareholders, diluted</b>	<b>984</b>	<b>807</b>

Weighted average number of ordinary shares outstanding, diluted, thousands	2020	2019
Weighted average number of ordinary shares outstanding during the year, basic	100,090	100,859
Effect of outstanding warrants attached to incentive programme, weighted average	100	98
<b>Weighted average number of ordinary shares during the year, diluted</b>	<b>100,190</b>	<b>100,957</b>

In 2020 Bilia repurchased 1,220,000 of its own shares, amounting to SEK 122 M. In 2019 Bilia repurchased 817,210 of its own shares, amounting to SEK 79 M. In 2017, Bilia repurchased 1,849,000 of

its own shares, amounting to SEK 147 M. During 2018 an incentive programme was established which led to a dilution effect of 97,232 shares, corresponding to a dilution effect of SEK 2 M.

## Note 14 Intangible assets

### ► Accounting principle

Bilia applies IAS 38 Intangible Assets in accounting for intangible assets.

### Software

#### *Internally developed*

Expenditures for development of software and improved business management systems are recognised as an asset in the Statement of Financial Position if the software is technically useful, and if Bilia has sufficient resources to complete development and thereafter intends to use the intangible asset. The carrying amount includes costs for materials, direct costs for salaries, and overheads that can be attributed to the asset on a reasonable and consistent basis. Other expenditures for development are recognised in profit or loss as expense when they are incurred. Expenditures for development of software recognised in the Statement of Financial Position are stated at cost less accumulated depreciation and any impairment losses.

#### *Business Combinations*

Software acquired via business combinations is recognised at fair value, which is equivalent to estimated replacement cost at the acquisition date less accumulated depreciation and any impairment losses.

#### *Other acquisitions*

Other investments in software are recognised at cost less accumulated amortisation and any impairment losses. The cost includes the purchase price plus costs directly attributable to the asset for bringing the asset to its location and to working condition for its intended use.

### Customer relations

Customer relations that have been acquired via business combinations are recognised at fair value, which is equivalent to the cost calculated by cash flow valuation at the acquisition date less accumulated amortisation and any impairment losses.

### Distribution rights

Distribution rights that have been acquired through business combinations are recognised at fair value, which is equivalent to the cost calculated by cash flow valuation at the acquisition date less accumulated amortisation and any impairment losses.

### Goodwill

Goodwill represents the difference between the cost of the business combination and the fair value of identifiable assets, assumed liabilities and contingent liabilities. Goodwill includes expected future profits from existing operations and expected synergies resulting from the acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is subjected annually to impairment testing.

In the case of business combinations where the cost is less than the net value of identifiable assets, assumed liabilities and contingent liabilities, the difference is recognised directly in profit or loss.

### Subsequent expenditures

Subsequent expenditures for capitalised intangible assets are only recognised as an asset in the Statement of Financial Position when they increase the future economic benefits for the specific asset to which they are attributable. All other expenditures are recognised as expenses when they are incurred.

### Amortisation

Amortisation is recognised in profit or loss for the year on a straight-line basis over the calculated useful lives of intangible assets, unless these useful lives are indefinite. Goodwill with an indefinite useful life is impairment tested annually or as soon as there are indications that the asset in question has declined in value. Amortisable intangible assets are amortised from the date they are available for use. Amortisation period is based on expected useful life considering historic experience and valid agreement.

Estimated useful lives:

- Software 3–10 years
- Customer relations 10 years
- Distribution rights 10 years

### Impairment testing of intangible assets

Bilia applies IAS 36 Impairment of Assets in accounting for impairment.

The carrying amounts are tested at every balance sheet date for any indication of impairment. If such an indication exists, the asset's recoverable amount is calculated.

In the case of goodwill and other intangible assets that are not yet ready for use, the recoverable amount is calculated at least annually. An impairment loss is recognised when the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount. An impairment loss is recognised in profit or loss for the year.

Impairment of assets attributable to a cash-generating unit is first allocated to goodwill. Then a pro rata impairment loss is recognised for the other assets included in the unit.

The recoverable amount is the higher of an asset's fair value less selling costs and its value in use. When calculating the value in use, future cash flows are discounted by a discount rate that takes into account the risk-free interest rate and the risk associated with the specific asset.

An impairment loss is reversed if there is an indication that the impairment no longer exists and there has been a change in the estimates used to determine the recoverable amount. Impairment losses relating to goodwill are never reversed, however. An impairment loss is only reversed to the extent the carrying amount of the asset after reversal does not exceed the carrying amount that would have been recognised, less amortisation where applicable, if no impairment loss had been recognised.

### ► Important accounting estimates and judgements

#### *Impairment testing of goodwill*

Goodwill is impairment tested at least annually. Impairment testing is based on 5-year forecasts for the cash-generating units in question. For important assumptions per cash-generating unit, see the following pages.



	Software, internally developed		Software, acquired		Customer relations	
	2020	2019	2020	2019	2020	2019
<b>Accumulated costs</b>						
At start of year	36	29	143	139	914	852
Business combinations	—	1	1	—	48	70
Purchases	2	6	22	12	—	—
Internally developed assets	—	—	—	—	—	—
Disposals and retirements	-7	0	-51	-8	—	—
Reclassifications	—	0	—	—	-52	-19
Translation differences for the year	—	—	—	—	-39	11
	<b>31</b>	<b>36</b>	<b>115</b>	<b>143</b>	<b>871</b>	<b>914</b>
<b>Accumulated amortisation and impairment losses</b>						
At start of year	-19	-13	-106	-90	-349	-267
Business combinations	—	—	-1	—	—	—
Disposals and retirements	6	0	44	5	—	—
Reclassifications	—	0	—	—	52	19
Amortisation for the year	-7	-6	-21	-21	-90	-92
Impairment for the year	—	—	—	—	—	-6
Translation differences for the year	—	—	—	—	18	-3
	<b>-20</b>	<b>-19</b>	<b>-84</b>	<b>-106</b>	<b>-369</b>	<b>-349</b>
<b>Carrying amount at year-end</b>	<b>11</b>	<b>17</b>	<b>31</b>	<b>37</b>	<b>502</b>	<b>565</b>

#### Amortisation and impairment losses

Amortisation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Software, internally developed		Software, acquired		Customer relations	
	2020	2019	2020	2019	2020	2019
Cost of goods sold	-7	-6	-21	-21	-90	-92

Impairment losses are included on the following lines in the Statement of Income and Other Comprehensive Income:

	Software, internally developed		Software, acquired		Customer relations	
	2020	2019	2020	2019	2020	2019
Cost of goods sold	—	—	—	—	—	-6

Note 14 cont'd.

	Distribution rights		Total intellectual property		Goodwill	
	2020	2019	2020	2019	2020	2019
<b>Accumulated costs</b>						
At start of year	32	32	1,125	1,052	862	844
Business combinations	—	—	49	71	0	6
Purchases	—	—	24	18	—	—
Internally developed assets	—	—	0	—	—	—
Disposals and retirements	—	—	-58	-8	—	—
Reclassifications	-2	-1	-54	-20	-13	—
Translation differences for the year	-2	1	-41	12	-35	12
	<b>28</b>	<b>32</b>	<b>1,045</b>	<b>1,125</b>	<b>814</b>	<b>862</b>
<b>Accumulated amortisation and impairment losses</b>						
At start of year	-15	-12	-489	-382	-15	-2
Business combinations	—	—	-1	—	—	—
Disposals and retirements	—	—	50	5	—	—
Reclassifications	2	1	54	20	13	—
Amortisation for the year	-3	-3	-121	-122	—	—
Impairment for the year	—	-1	—	-7	—	-13
Translation differences for the year	1	—	19	-3	—	—
	<b>-15</b>	<b>-15</b>	<b>-488</b>	<b>-489</b>	<b>-2</b>	<b>-15</b>
<b>Carrying amount at year-end</b>	<b>13</b>	<b>17</b>	<b>557</b>	<b>636</b>	<b>812</b>	<b>847</b>

### Amortisation and impairment losses

Amortisation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Distribution rights		Total intellectual property		Goodwill	
	2020	2019	2020	2019	2020	2019
Cost of goods sold	-3	-3	-121	-122	—	—

Impairment losses are included on the following lines in the Statement of Income and Other Comprehensive Income:

	Distribution rights		Total intellectual property		Goodwill	
	2020	2019	2020	2019	2020	2019
Cost of goods sold	—	-1	—	-7	—	-13

### Impairment tests for cash-generating units containing assets with an indeterminate useful life (goodwill)

The following cash-generating units have carrying amounts for goodwill:

	2020	2019
Bilia Personbilar AB	72	72
Bilia Group AB	78	78
Bilia Center AB	43	43
Bilia Center Metro AB	84	84
Allbildelar Försäljning i Huddinge AB	8	8
<b>Total Sweden</b>	<b>285</b>	<b>285</b>
Bilia Personbil AS	119	132
Toyota Bilia AS	83	92
<b>Total Norway</b>	<b>202</b>	<b>224</b>
Autohaus Bilia GmbH & Co. KG	—	—
Bilia Emond Luxembourg	140	146
S.A. Bilia Emond Belgium	94	97
Bilia Holding Flanders group	85	88
<b>Total Western Europe</b>	<b>319</b>	<b>331</b>

### Sweden

Impairment testing for operations in Sweden was based on calculation of the value in use.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

#### Market share and growth

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market for new cars was assumed to be on the same level compared with 2020. The forecast agrees with previous experience and external information sources.

#### Prices

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

#### Personnel costs

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

*Assumptions for estimating values:*

Per cent	Annual growth		Discount rate before tax	
	2020	2019	2020	2019
Bilia Personbilar AB	2.0	2.0	5.28	5.16
Bilia Group AB	2.0	2.0	5.32	5.26
Bilia Center AB	2.0	2.0	5.27	5.18
Bilia Center Metro AB	2.0	2.0	5.29	5.18
Allbildelar Försäljning i Huddinge AB	2.0	2.0	5.29	5.18

The recoverable amount for all operations in Sweden exceeds the carrying amount by a substantial margin.

Management judges that plausible changes in margins in car sales, demand for service and repair work and the discount rate would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

**Norway**

Impairment testing for operations in Norway was based on calculation of the value in use.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

*Market share and growth*

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market for new cars was assumed to be on the same level compared with 2020. The forecast agrees with previous experience and external information sources.

*Prices*

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

*Personnel costs*

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

*Assumptions for estimating values:*

Per cent	Annual growth		Discount rate before tax	
	2020	2019	2020	2019
Bilia Personbil AS	2.0	2.0	6.34	6.79
Toyota Bilia AS	2.0	2.0	6.37	6.80
Jensen & Scheele Bil AS	2.0	2.0	6.15	6.54

The recoverable amount for all operations in Norway exceeds the carrying amount by a substantial margin.

Management judges that plausible changes in margins in car sales, demand for service and repair work and the discount rate would not have such great effects that they would reduce the recoverable amount to a value lower than the carrying amount.

**Western Europe**

Impairment testing for operations in Western Europe was based on calculation of the value in use.

The important assumptions in the 5-year forecast and the methods used to estimate values are as follows:

*Market share and growth*

Demand for new cars has historically followed the business cycle, while demand for service and repair work has been more stable. The market for new cars was assumed to be on the same level compared with 2020. The forecast agrees with previous experience and external information sources.

*Prices*

Prices have been assumed to increase with the expected rate of inflation. The forecast agrees with previous experience and external information sources.

*Personnel costs*

The forecast for personnel costs is based on some increase in real wages and planned efficiency improvements in the operations. The forecast agrees with previous experience and external information sources.

*Assumptions for estimating values:*

Per cent	Annual growth		Discount rate before tax	
	2020	2019	2020	2019
Autohaus Bilia GmbH & Co. KG	—	2.0	—	4.81
Bilia Emond Luxembourg	2.0	2.0	5.17	5.36
S.A. Bilia Emond Belgium	2.0	2.0	5.41	5.36
Bilia Holding Flanders group	2.0	2.0	5.47	5.36

The recoverable amount for operations in Luxembourg and Belgium exceeds the carrying amount by a substantial margin.

Management judges that plausible changes in margins in car sales, demand for service and repair work and the discount rate would not have such great effects that they would reduce the recoverable amount for operations in Luxembourg and Belgium to a value lower than the carrying amount.

During 2019 the operating profit has been charged with an impairment amounting to SEK 20 M related to intangible assets for the operations in Germany. An assessment of the recoverable amount with associated sensitivity analysis and a possible net sales price resulted in a need for an impairment. The goodwill value for Autohaus Bilia GmbH & Co. KG was SEK 13 M.

## Note 15 Property, plant and equipment

### ► Accounting principle

Bilia applies IAS 16 Property, Plant and Equipment in accounting for property, plant and equipment and IFRS 16 Leases 2019.

### Owned assets

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment losses. The cost includes the purchase price plus expenses directly attributable to the asset for bringing the asset to its location and to working condition for its intended use.

### Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Primarily, borrowing costs that have arisen on loans that are specific to the qualifying asset are capitalised. Secondly, borrowing costs that have arisen on general loans that are not specific to any qualifying asset are capitalised.

### Construction in progress

Construction in progress consists primarily of new construction of Stockholm, Sweden and Luxembourg and conversions mainly in Vinsta, Enköping, Jönköping and Västerås, Sweden.

### Leased assets

#### Lessee

Leases are from 2019 reported as right-of-use assets in accordance with IFRS 16. The effect of the transition is described in Note 1 "Key accounting principles" and Note 16 "Right-of-use assets". The method selected for the transition to IFRS 16 means that 2018 has not been restated.

Before 2019 leases were classified as either finance or operating leases. In the case of finance leases, the economic risks and rewards incidental to ownership are transferred substantially to the lessee. Otherwise the lease is classified as an operating lease.

#### Lessor

Assets that are leased out under operating leases are recognised as property, plant and equipment. These assets consist

of owned and rented cars that are leased out under operating leases, as well as cars sold combined with a future repurchase commitment at a guaranteed residual value. These assets are classified as Leased vehicles. See Note 2 "Revenue", Revenue from cars sold with repurchase agreements.

### Subsequent expenditures

Subsequent expenditures are added to the cost only if it is probable that the future economic benefits associated with the asset will flow to the company and the cost of the asset can be measured reliably. All other subsequent expenditures are recognised as expense in the period they are incurred.

A subsequent expenditure is added to the cost if the expenditure relates to replacements of identified components or parts thereof. The expenditure is also added to the cost in cases when a new component has been created. Any undepreciated carrying amounts on replaced components, or parts of components, are retired and recognised as expenses in conjunction with their replacement. Repairs are recognised as expenses when they occur.

### Principles of depreciation

Depreciation is straight-line over the estimated useful life of the asset. Land is not depreciated.

Estimated useful lives:

• Equipment for IT operations	3 years
• Land and buildings	5–50 years
• Equipment, tools, fixtures and fittings	3–10 years
• Leased vehicles	1–4 years <sup>1)</sup>

An annual assessment is made of an asset's residual value and useful life.

<sup>1)</sup> Leased vehicles are written down to an expected residual value at the end of the lease period.

### Impairment losses

For an explanation of the accounting principle for impairment losses, see Note 14 "Intangible assets".

### ► Important accounting estimates and judgements

See Note 2 "Revenue" from cars sold with repurchase agreements.

	Land and buildings		Construction in progress	
	2020	2019	2020	2019
<b>Accumulated costs</b>				
At start of year	1,156	1,094	42	83
Business combinations	132	0	2	—
Purchases	69	127	12	6
Disposals and retirements	-4	-28	-4	-47
Reclassifications	36	-47	-4	—
Translation differences for the year	-22	10	0	—
	<b>1,367</b>	<b>1,156</b>	<b>48</b>	<b>42</b>
<b>Accumulated depreciation</b>				
At start of year	-377	-368	—	—
Business combinations	-18	—	—	—
Disposals and retirements	3	6	—	—
Reclassifications	-14	65	—	—
Depreciation for the year	-66	-75	—	—
Amortisation for the year	-5	—	—	—
Translation differences for the year	10	-5	—	—
	<b>-467</b>	<b>-377</b>	<b>—</b>	<b>—</b>
<b>Carrying amount at year-end</b>	<b>900</b>	<b>779</b>	<b>48</b>	<b>42</b>

### Depreciation and impairment losses

Depreciation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Land and buildings		Construction in progress	
	2020	2019	2020	2019
Cost of goods sold	-24	-28	—	—
Selling expenses	-40	-45	—	—
Administrative expenses	-2	-2	—	—
<b>Total</b>	<b>-66</b>	<b>-75</b>	<b>—</b>	<b>—</b>

Impairment losses is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Land and buildings		Construction in progress	
	2020	2019	2020	2019
Other expenses	-5	—	—	—

Note 15 cont'd.

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2020	2019	2020	2019
<b>Accumulated costs</b>				
At start of year	1,414	1,321	3,778	3,674
Business combinations	39	5	0	162
Purchases	141	164	1,341	1,660
Disposals and retirements	-111	-81	-1,700	-1,722
Reclassifications	-38	-11	3	-12
Translation differences for the year	-53	16	-71	16
	<b>1,392</b>	<b>1,414</b>	<b>3,351</b>	<b>3,778</b>
<b>Accumulated depreciation</b>				
At start of year	-896	-821	-642	-698
Business combinations	-23	0	—	—
Disposals and retirements	72	39	472	444
Depreciation for the year	-115	-98	-386	-400
Reclassifications	20	-7	0	12
Translation differences for the year	33	-9	2	0
	<b>-909</b>	<b>-896</b>	<b>-554</b>	<b>-642</b>
<b>Accumulated impairment losses</b>				
At start of year	0	0	-6	-18
Disposals and retirements	—	—	1	12
Reclassifications	—	—	-3	—
Impairment losses for the year	—	—	-8	—
	<b>0</b>	<b>0</b>	<b>-16</b>	<b>-6</b>
<b>Carrying amount at year-end</b>	<b>483</b>	<b>518</b>	<b>2,781</b>	<b>3,130</b>
<b>Finance leases (included above)</b>				
Cost	79	75	231	285
Accumulated depreciation	-31	-23	-44	-71
	<b>48</b>	<b>52</b>	<b>187</b>	<b>214</b>
Lease payments during the financial year	-8	-6	-54	-49
<b>Contractual future minimum lease payments:</b>				
Within one year	-11	-12	-36	-40
– Present value	-11	-11	-35	-39
Between one and five years	-7	-8	-9	-12
– Present value	-6	-8	-9	-11

### Depreciation and impairment losses

Depreciation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2020	2019	2020	2019
Cost of goods sold	-44	-44	-386	-400
Selling expenses	-26	-10	—	—
Administrative expenses	-45	-44	—	—
<b>Total</b>	<b>-115</b>	<b>-98</b>	<b>-386</b>	<b>-400</b>

Impairment losses are included on the following lines in the Statement of Income and Other Comprehensive Income:

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2020	2019	2020	2019
Cost of goods sold	—	—	-8	—

## Note 16 Right-of-use assets

### ➤ Accounting principle

Bilia applies from January 1 2019 IFRS 16 Leases in accounting for right-of-use assets. The Group chose to apply the modified retroactive method.

### Calculation of right-of-use assets

Right-of-use assets and lease liabilities has been accounted for based on the present value of all future lease fees for leases with a longer lease period than 12 months. The leases relates primarily to rental agreements for buildings.

At the implementation of IFRS 16 as at January 1 2019 the right-of-use assets was assessed to be equal to the amount of the lease liability, adjusted for the prepaid lease fees. The lease liability was calculated as the total of the present all future lease fees until the lease period comes to an end, discounted to a present value using the marginal interest rate for with consideration of the remaining duration of the lease.

Simplification rules has been applied at the transition to IFRS 16. These mean that the Group has;

- Applied the same discount rate for leases with similar conditions and
- Excluded leases with a lease period shorter than 12 months

At the transition to IFRS 16 as at January 1 2019 the Group reported right-of-use assets and lease liabilities amounting to SEK 2,793 M.

### Principles of depreciations

Depreciations is straight-line over the lease period for the right-of-use assets and are reported as a cost of goods sold, selling expenses and administrative expenses. The average depreciation period was 8 years.

### Purchases and disposals and retirements

Purchases includes the discounted present value of lease fee for new lease during the year and additional amounts for right-of-use assets related to current lease due to an assessment of utilisation of extension options. Disposals include during the year terminated leases.

### ➤ Important accounting estimates and judgements

Assessments and judgments are made for exercise of extension option of leases which can have a significant impact on the amount of the asset.

### Other

Other includes for example changes of the right-of-use assets related to index upgrades.

For a description of the effect on the Groups result, financial position and the cash flow please refer to Note 1 "Key accounting principles". For a description of lease liabilities related to the right-of-use assets please refer to and Note 22 "Interest bearing liabilities" and Note 29 "Leases".

	Right-of-use assets	
	2020	2019
<b>Accumulated costs</b>		
At start of year	3,125	2,793
Business combinations	—	34
Purchases	454	283
Disposals	-2	-5
Other	37	0
Translation differences for the year	-101	20
	<b>3,513</b>	<b>3,125</b>
<b>Accumulated depreciation and impairment losses</b>		
At start of year	-443	—
Depreciation of the year	-440	-451
Disposals	2	5
Other	-2	—
Translation differences for the year	19	3
	<b>-864</b>	<b>-443</b>
<b>Carrying amount at year-end</b>	<b>2,649</b>	<b>2,682</b>

### Depreciation and impairment losses

Depreciation is included on the following lines in the Statement of Income and Other Comprehensive Income:

	Right-of-use assets	
	2020	2019
Cost of goods sold	-159	-167
Selling expenses	-269	-273
Administrative expenses	-12	-11
<b>Total</b>	<b>-440</b>	<b>-451</b>

No impairment losses have been recognised.

## Note 17 Interests in associated companies

### ► Accounting principle

Bilia applies IAS 28 Investments in Associates and Joint Ventures in accounting for interests in associated companies.

Associated companies are those companies in which the Group has a significant, but not a controlling, influence. This is normally acquired through shareholdings giving them between 20 and 50 per cent of the votes. As from the point in time when the significant influence is exercised, interests in associated companies are recognised in the consolidated accounts in accordance with the equity method. The equity method entails that the value of the shares in the associated companies reported in the consolidated accounts is equivalent to the Group's share of the associated companies' equity plus goodwill on consolidation and any other remaining surplus or deficit values on consolidation. The Group's share in the associated companies' profit or loss after tax is recognised in the net profit for the year as "Profit from shares in associated companies". This share in profits, less dividends received from associated companies, comprises the principal change in the carrying amount of interests in associated companies.

The equity method is applied until such time as the significant influence ceases to exist.

	2020	2019
<b>Carrying amount at start of year</b>	433	441
Profit from shares in associated companies	46	41
Dividend received from associated companies	-11	-49
<b>Carrying amount at year-end</b>	<b>468</b>	<b>433</b>

Bilia has less than a 20 per cent stake in the company, but because Bilia has owner representation on the Board of Directors and participates in the work with strategic matters, and because significant connections exist with the operations of this company, significant influence is judged to exist, so the holding is classified as an associated company. Bilia's direct and indirect holdings in AB Volverkinvest amount to 20.6 per cent (20.6). AB Volverkinvest owns 50 per cent of Volvofinans Bank AB. The main function of AB Volverkinvest is to own and manage shares in Volvofinans Bank AB on behalf of the Volvo dealers.

The associated company's revenue, profit, assets and liabilities are specified below.

	Volvofinans Bank AB	
	2020 <sup>1)</sup>	2019 <sup>1)</sup>
Operating revenue	6,468	6,268
Profit/loss before appropriations and tax	566	510
Current assets	880	842
Lending	22,217	21,025
Non-current assets	21,001	22,391
Current liabilities	3,859	2,896
Borrowing	34,422	36,376
Non-current liabilities	1,271	883
<b>Net assets</b>	<b>4,546</b>	<b>4,103</b>
Dividend to AB Volverkinvest	107	99
<b>Total net assets before dividend<sup>2)</sup></b>	<b>4,653</b>	<b>4,202</b>

<sup>1)</sup> The data for the associate relate to the accounting period from 1 October 2019 to 30 September 2020 (1 October 2018 to 30 September

2019). Later information about the associate is not available in the preparation of the Bilia Group's financial statements. This year's dividend from Volvofinans Bank AB to AB Volverkinvest, not yet distributed to Bilia, has been included in the calculation of group values.

<sup>2)</sup> The amount refers to equity including equity in untaxed reserves.

## Note 18 Financial investments

### ► Accounting principle

Bilia applies IFRS 9 Financial instruments in accounting for financial investments. For an explanation of the accounting principle, see Note 27 "Financial instruments".

	2020	2019
<b>Financial investments classified as non-current assets</b>		
Shares and interests, unlisted holdings	4	3
Housing cooperative units	5	5
<b>Total</b>	<b>9</b>	<b>8</b>

## Note 19 Long-term receivables and other receivables

	2020	2019
<b>Long-term receivables classified as non-current assets</b>		
<i>Interest-bearing</i>		
Hire-purchase receivables	1	1
<b>Total</b>	<b>1</b>	<b>1</b>

### Other receivables classified as current assets

<i>Non-interest-bearing</i>		
Work in progress	20	16
Value added tax	86	65
Bonus/support	54	71
Construction projects	1	1
Derivatives	9	5
Other	47	83
<b>Total</b>	<b>217</b>	<b>241</b>

No impairment losses were recognised on receivables during the year (SEK 1 M).



## Note 20 Inventories

### ➤ Accounting principle

Bilia applies IAS 2 Inventories in accounting for inventories.

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is calculated by applying the first-in, first-out (FIFO) method and includes expenditures incurred in purchasing the inventory assets and bringing them to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The company can reduce its risks and tied-up capital by purchasing cars on commission or consignment from certain of Bilia's main suppliers. These cars are not recognised in inventories. In cases where a new car cannot be sold, Bilia can return it to the supplier, and a charge is paid to the supplier during the time the car is kept at Bilia.

### ➤ Important accounting estimates and judgements

#### Valuation of used cars

Used cars are valued at the lower of their cost and net realisable value. Net realisable value is determined on the basis of the estimated selling price less direct selling expenses. Used cars are included in the line item "Merchandise".

The cost of goods sold, in the Consolidated Statement of Income and Other Comprehensive Income, includes write-down of new cars by SEK 9 M (14) used cars by SEK 16 M (28) and spare parts by SEK 11 M (12).

The item "Merchandise" consists of:

	2020	2019
New cars	1,609	2,113
Used cars	1,167	1,536
Demonstration cars	709	687
Spare parts	242	214
Other	16	21
<b>Total</b>	<b>3,743</b>	<b>4,571</b>

Of which impairment of inventories in the Consolidated Statement of Financial Position:

	2020	2019
New cars	11	13
Used cars	29	36
Spare parts	14	14
<b>Total</b>	<b>54</b>	<b>63</b>

## Note 21 Prepaid expenses and accrued income

	2020	2019
Bonus	82	91
Prepaid expenses	84	59
Accrued income	85	123
<b>Total</b>	<b>251</b>	<b>273</b>

## Note 22 Interest-bearing liabilities

### ➤ Accounting principle

Bilia applies IFRS 9 Financial Instruments in accounting for financial instruments. Bilia applies since January 1 2019 IFRS 16 Leases. For an explanation of the accounting principle, see Note 27 "Financial instruments".

The note contains information on Bilia's contractual terms regarding interest-bearing liabilities. For more information on Bilia's exposure to interest rate risk and risk of exchange rate changes, see Note 28 "Financial risks and risk management".

	2020	2019
<b>Non-current liabilities</b>		
Bank loans	20	24
Bond issue <sup>1)</sup>	1,292	1,289
Personnel fund	5	5
Lease liabilities IFRS 16	2,168	2,214
Other lease liabilities <sup>2)</sup>	120	136
Other loans	26	38
	<b>3,631</b>	<b>3,706</b>
<b>Current liabilities</b>		
Bond issue <sup>1)</sup>	130	—
Current portion of bank loans	538	900
Current portion of lease liabilities IFRS 16	443	406
Current portion of other lease liabilities <sup>2)</sup>	115	140
	<b>1,226</b>	<b>1,446</b>
<b>Total</b>	<b>4,857</b>	<b>5,152</b>

<sup>1)</sup> In the Consolidated Statement of Financial Position, the bond issue amounts to SEK 1,422 M (1,289), calculated according to the effective interest method. In calculating key figures, SEK 1,430 M (1,300) is used without the net effect of the effective interest rate, which amounts to SEK -8 M (-11).

<sup>2)</sup> Other lease liabilities pertain primarily to rental cars and company cars.

Note 22 cont'd.

**Terms and repayment periods**

Collateral for bank loans has been pledged in the form of floating charges in the amount of SEK 587 M (595) and in the form of pledged assets in the amount of SEK 490 M (546).

Lender	Currency	2020				2019			
		Nominal interest rate, %	Maturity	Nominal amount	Carrying amount	Nominal interest rate, %	Maturity	Nominal amount	Carrying amount
Bank overdraft facilities	EUR					3.00	2020	1	1
Volvofinans Bank AB	SEK	2.55	2021	188	188	2.65	2020	125	125
BMW Financial Services	EUR					2.99	2024	38	38
BMW Financial Services	EUR					2.99	2020	10	10
ING Bank	EUR					2.95	2025	2	2
BMW Financial Services	EUR					1.50	2020	27	27
BMW Financial Services	EUR	2.99	2025	26	26	0.50	2020	15	15
BMW Financial Services	EUR	2.99	2021	10	10	0.75	2020	27	27
VR Bank	EUR					4.90	2020	2	2
ING Bank	EUR	4.18	2026	15	15	4.18	2025	17	17
ING Bank	EUR	2.95	2025	2	2	1.50	2020	10	10
Nordea Finans	NOK	2.21	2021	278	278	3.99	2020	334	334
BMW Bank	EUR	5.70	2021	9	9	5.70	2020	313	313
Belfius	EUR	1.70	2021	34	34	1.60	2020	32	32
Belfius	EUR					0.88	2020	1	1
Volksbank Mittelhessen	EUR	1.48	2025	3	3	1.48	2024	5	5
Volksbank Mittelhessen	EUR	1.48	2021	1	1	1.48	2020	1	1
Emprunt bat Lib	EUR	4.18	2026	2	2	4.18	2025	2	2
Lexus Finans	SEK	2.00	2021	16	16				
Bond issue	SEK	2.10	2021	130	130				
Bond issue	SEK	1.34	2023	792	792	2.30	2021	507	507
Bond issue	SEK	1.65	2025	500	500	1.30	2023	782	782
Personnel fund	SEK	0.95		5	5	0.73		5	5
Lease liabilities IFRS 16, Sweden	SEK	2.47		1,761	1,761	2.47		1,769	1,769
Lease liabilities IFRS 16, Norway	NOK	3.79		746	746	3.79		775	775
Lease liabilities IFRS 16, Germany	EUR	2.19		51	51	2.19		51	51
Lease liabilities IFRS 16, Luxembourg	EUR	2.42		35	35	2.42		6	6
Lease liabilities IFRS 16, Belgium	EUR	2.75		18	18	2.75		19	19
Other lease liabilities	SEK	2.55		235	235	3.00		276	276
<b>Total</b>				<b>4,857</b>				<b>5,152</b>	

Other lease liabilities	2020			2019		
	Minimum lease payment	Interest	Principal	Minimum lease payment	Interest	Principal
Within one year	118	3	115	144	4	140
Between one and five years	123	3	120	140	4	136
<b>Total</b>	<b>241</b>	<b>6</b>	<b>235</b>	<b>284</b>	<b>8</b>	<b>276</b>

## Note 23 Pensions

### ➤ Accounting principle

Bilia applies IAS 19 Employee Benefits in accounting for pensions.

### Defined-contribution pension plans

In 2016 all defined-contribution pension plans within the Group were closed and since then only defined contribution pension plans exist. Pension plans classified as defined-contribution plans are those where the company's obligation is limited to the contributions the company has undertaken to pay. In such cases, the size of the employee's pension is dependent on the contributions paid by the company to the plan or to an insurance company and the return on capital yielded by the contributions. Consequently, it is the employee who bears the actuarial risk (that the pension payment will be lower than expected) and the investment risk (that the invested assets will be insufficient to provide the expected payments). The company's obligations with regard to payments to defined-contribution plans are recognised as a cost in profit or loss for the year as they are earned by the employee's performance of services for the company during a period.

### Financing

Obligations for old-age pension and family pension for salaried employees in Sweden are secured by insurance in Alecta. According to a statement by the Swedish Financial Reporting Board UFR 10, this is a multi-employer defined-benefit plan. For financial year 2020, Bilia has not had access to information that makes it possible to account for this plan as a defined-benefit plan. The ITP pension plan that is secured via insurance in Alecta is therefore accounted for as a defined-contribution plan. The premium for the defined-benefit old-age and family pension is individually calculated and is dependent on such factors as salary, accrued pension and expected remaining working life. The year's contributions for pension insurance policies taken out in Alecta amount to SEK 70 M (75). Bilia's share of the total savings premiums for ITP 2 in Alecta amounts to 0.10059 per cent (0.18937), and Bilia's share of the total number of active members in the plan amounts to 0.14548 per cent (0.15219).

The collective funding ratio is the market value of Alecta's assets as a percentage of their insurance obligations calculated according to Alecta's actuarial methods and assumptions, which do not agree with IAS 19. The collective funding ratio should normally be permitted to vary between 125 and 155 per cent. If Alecta's collective funding ratio falls short of 125 per cent or exceeds 155 per cent, measures shall be adopted

### Sweden

Obligations for old-age pension and family pension for salaried employees are secured by insurance in Alecta.

According to a statement by the Swedish Financial Reporting Board, UFR 10, insurance via Alecta is a multi-employer defined-benefit plan. Bilia has not had access to information that makes it possible to account for this plan as a defined-benefit plan. The ITP pension plan that is secured via insurance in Alecta is therefore accounted for as a defined-contribution plan, but with supplementary information.

### Norway

The employees are covered by defined-contribution pension plans.

### Germany

In Germany, all employees are covered solely by defined-contribution pension plans.

### Luxembourg and Belgium

The employees are not covered by any pension plan.

so that the collective funding ratio returns to the normal range. When the funding ratio is low, one possible measure is to raise the agreed-on price for new policies and benefit increases. When the funding ratio is high, one possible measure is to reduce premiums. At year-end 2020, Alecta's surplus in the form of the collective funding ratio<sup>1)</sup> amounted to 148 per cent (148).

<sup>1)</sup> Alecta publishes figures on its collective funding ratio on its website.

### Defined-contribution plans

In Sweden the Group has defined-contribution pension plans for workers that are paid for entirely by Bilia.

In other countries there are defined-contribution plans that are paid for in part by Bilia and in part by contributions paid by the employees. Payments are made to these plans on a regular basis in accordance with the rules in each plan.

	2020	2019
Costs for the year for defined-contribution plans <sup>2)</sup>	212	227

<sup>2)</sup> Of which SEK 70 M (75) pertaining to ITP plan funded in Alecta.

Costs for defined-contribution plans in 2021 are SEK 217 M. Of which Alecta SEK 83 M.

## Note 24 Provisions

### ► Accounting principle

Bilia applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for provisions.

A provision differs from other liabilities in that uncertainty exists regarding the timing of the cash outflow or the size of the amount to settle the provision. A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event and it is probable (more likely than not) that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made in the amount that is the best estimate of the expenditure required to settle the present obligation on the balance sheet date.

When the effect of the timing of cash outflows is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability.

### Warranty obligations

A provision for warranties is recognised when the underlying products or services have been sold. The provision is based on historical data on warranties and the weighing of all possible outcomes in relation to their associated probabilities.

### Restoration costs

A provision for restoration costs regarding Bilia's fuelling stations is recognised when the Group estimates that it is more likely than not that a fuelling station will require site remediation. A provision of SEK 0.5 M per fuelling station has been made for a total provision of SEK 9 M (11).

### Put option

Pertains to the acquisition of Philippe Emond SA, Belgium, where Bilia has a liability calculated on the future exercise price in the issued put option held by non-controlling interests. The put option is recognised as a financial liability, according to IAS 32, but is classified as a provision in the Consolidated Statement of Financial Position. The carrying amount is deemed to reflect fair value.

### Structural cost

Provisions are made when there is a formal or informal obligation regarding the restructuring of the business and when it's possible to estimate the costs.

### ► Important estimates and assessments

Refers to a first assessment of costs for an initial restructuring related to Volvo Cars' termination of the dealer agreements in Sweden and Norway and costs for the closure of parts of the operations in Germany. The assessment is done on the basis of currently available information.

	Non-current		Current	
	2020	2019	2020	2019
Structural costs	66	—	24	—
Warranty obligations	27	28	1	4
Restoration costs	9	11	—	—
Put option	142	152	—	—
Other	86	31	—	—
<b>Total</b>	<b>330</b>	<b>222</b>	<b>25</b>	<b>4</b>

	Structural costs		Warranty obligations		Restoration costs		Put option		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Carrying amount at start of year</b>	0	—	32	29	11	13	152	145	31	19	226	206
Provisions made during the year	91	—	2	4	0	—	0	7	58	12	151	23
Amounts utilised during the year	0	—	-2	-2	0	-2	—	—	—	—	-2	-4
Unutilised amounts reversed during the year	0	—	—	—	-2	—	-10	—	—	—	-12	—
Translation differences	-1	—	-4	1	0	—	—	—	-3	—	-8	1
<b>Carrying amount at year-end</b>	<b>90</b>	<b>—</b>	<b>28</b>	<b>32</b>	<b>9</b>	<b>11</b>	<b>142</b>	<b>152</b>	<b>86</b>	<b>31</b>	<b>355</b>	<b>226</b>

Previous year has been reclassified regarding type of provision.

Payments	2020	2019
Amount by which the provision is expected to be paid after more than twelve months	330	222

## Note 25 Other liabilities

### ➤ Accounting principle

For the accounting principle regarding “Liability pertaining to cars sold with repurchase agreements,” see Note 2 “Revenue”.

For the accounting principle regarding “Derivatives,” see Note 27 “Financial instruments”.

### ➤ Important accounting estimates and judgements

See Note 2 “Revenue” regarding repurchase agreements and service subscriptions.

	2020	2019
<b>Other non-current liabilities</b>		
Liability pertaining to cars sold with repurchase agreements	1,510	1,617
Additional purchase consideration on acquisitions	—	4
<b>Total</b>	<b>1,510</b>	<b>1,621</b>
<b>Other current liabilities</b>		
Liability pertaining to cars sold with repurchase agreements	1,012	1,246
Value-added tax	141	102
Advance payments from customers	28	28
Tax deducted at source	68	74
Employer contributions, etc.	34	40
Derivatives	0	8
Demo cars	2	40
BMW Financial Services	299	119
Additional purchase consideration on acquisitions	4	—
Other	120	109
<b>Total</b>	<b>1,708</b>	<b>1,766</b>

## Note 26 Accrued expenses and deferred income

### ➤ Important accounting estimates and judgements

See Note 2 “Revenue” regarding Repurchase agreements and Service subscriptions.

	2020	2019
Accrued wages and salaries	407	371
Accrued social security contributions	237	236
Accrued interest	6	3
Accrued interest IFRS 16	—	8
Future unrealised gross profit pertaining to cars sold with repurchase agreements	73	101
Less bonus	21	40
Accrual of service subscriptions	208	219
Other accrued expenses and deferred income	213	214
<b>Total</b>	<b>1,165</b>	<b>1,192</b>

## Note 27 Financial instruments

### ➤ Accounting principle

For the accounting principle regarding financial instruments, Bilja applies IAS 32 Financial Instruments: Presentation, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 13 Fair Value Measurement and IFRS 16 Leases.

Financial instruments that are recognised in the Statement of Financial Position include, on the asset side, cash and cash equivalents, loans receivable, trade receivables, financial investments and derivatives with positive fair value. On the liability side they include trade payables, loans payable and derivatives with negative fair value.

### Recognition and derecognition in the Statement of Financial Position

A financial asset or financial liability is recognised in the Statement of Financial Position when Bilja becomes a party to the contractual terms of the instrument. A receivable is recognised when Bilja has performed its contractual obligations and there is a contractual obligation for the counterparty to pay, even if no invoice has been sent. Trade receivables are recognised in the Statement of Financial Position when an invoice has been sent. A liability is recognised when the counterparty has performed its contractual obligations and there is a contractual obligation to pay, even if no invoice has been received. Trade liabilities are recognised when an invoice has been received.

A financial asset is derecognised in the Statement of Financial Position when the rights in the contract are realised, mature, or fall outside the control of Bilja. The same applies to part of a financial asset. A financial liability is derecognised in the Statement of Financial Position when the obligation in the contract is discharged or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and the net amount is recognised in the Statement of Financial Position when, and only when, an entity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The purchase or sale of financial assets is recognised on the trade date, which is the day when the company committed itself to purchase or sell the asset.

### Financial instruments

A financial asset or liability is entered in the Statement of Financial Position when the Group becomes a party in a contractual relationship. Financial assets are removed from the Statement of Financial Position when the right to receive cash flows from the instrument has expired. Financial liabilities are removed from the Statement of Financial Position when the obligations of the contract have been met.

Financial assets and liabilities are offset and entered as a net amount in the Statement of Financial Position, only when a legal right exists to offset the recognised amounts and if there is an intention to settle them with a net amount or to simultaneously realise the asset and settle the liability.

### Classification of financial instruments

All financial instruments are initially measured at their respective fair values plus transaction costs, apart from financial instruments that are measured at fair value through the Statement of Income and Other Comprehensive Income on

Note 27 cont'd.

an ongoing basis. With these assets, transaction costs are recognised as expenses on an ongoing basis.

#### *Interest-bearing financial instruments*

The classification and measurement of interest-bearing financial assets depends on the purpose of the financial asset. Interest-bearing financial assets are measured at either:

- Amortised cost.
- Fair value in other comprehensive income.
- Fair value through profit or loss.

This category is comprised of hire-purchase receivables, accounts receivable and other receivables. Assets in this category are measured at amortised cost. All interest-bearing assets are held to obtain ongoing payments in the form of repayments and interest. For this reason, all interest-bearing assets are recognised and measured at their respective amortised cost in accordance with the effective interest rate method. Amortised cost is determined based on the effective interest rate calculated at the time of acquisition. Interest income is recognised in net financial items in the Statement of Income and Other Comprehensive Income. Any capital gains or losses arising when these assets are derecognised are recognised as other income and expenses. Bilia recognises the following interest-bearing assets in its Statement of Financial Position:

- Cash and cash equivalents consist of cash on hand and demand deposits at banks and similar institutions, as well as short-term, highly liquid investments.
- Short-term investments have been classified as cash and cash equivalents based on the fact that they carry a negligible risk of value fluctuations, they can easily be converted to cash and they have a maturity of not more than three months from their date of acquisition.
- Trade receivables.
- Lease receivables, short- and long-term.
- Other long-term receivables.

Assets with a short duration are not discounted. Impairment losses are reversed if the previous reasons for write-down no longer apply and full payment is expected to be received from the customer.

#### *Equity instruments*

All equity instruments are entered at their respective fair values in the Statement of Income and Other Comprehensive Income as other income and expenses. Bilia has unlisted shares and tenant-owner agreements that belong to this category of financial assets.

Information on how fair value has been determined for the financial instruments that are measured at fair value in the Statement of Financial Position is furnished below. Fair value is determined on the basis of the following three levels:

#### *Derivative instruments*

Financial derivatives are held only to manage the financial risks to which Bilia is exposed, see Note 28 "Financial risks and risk management". Bilia has financial derivative instruments in the form of currency hedging instruments (currency swaps) which are used to secure future currency flows. All the derivatives are measured at their respective fair value through the Statement of Income and Other Comprehensive Income. The derivatives that have positive values are recognised as assets in the Statement of Financial Position. Changes in the value of currency swaps are recognised in financial income or financial expenses. Hedge accounting is not applied.

#### **Impairment of financial assets**

For all interest-bearing financial instruments, including accounts receivable and lease receivables, a credit risk reserve is booked, and this is based on the future expected losses applicable to the individual assets. For accounts receivable, the credit risk reserve is calculated based on the asset's anticipated loss over the total life of the asset.

#### **Other financial liabilities**

Loans, including debenture loans, and other financial liabilities, for example trade payables, belong to this category. The liabilities are measured at amortised cost.

In March and December 2016 and January 2017 Bilia issued unsecured bonds worth SEK 500 M, respectively SEK 250 M and SEK 250 M within a total framework of SEK 1,000 M. The bond issue matures in five years (March 2021) and carries a variable interest rate of STIBOR (3 months) plus 220 basis points respectively 150 basis points and 140 basis points.

In October 2018 Bilia repurchased SEK 500 M of the outstanding unsecured bonds due in March 2021 to a price of 104 per cent. At the same time Bilia issued a new unsecured bond worth SEK 800 M. The new bond issue carries a variable interest rate of STIBOR (3 months) plus 140 basis points and matures in October 2023.

In October 2020 Bilia repurchased SEK 370 M of the outstanding unsecured bonds due in March 2021 to a price of 101 per cent. At the same time Bilia issued a new unsecured bond worth SEK 500 M. The new bond issue carries a variable interest rate of STIBOR (3 months) plus 170 basis points and matures in October 2025.

The total new outstanding amount after the bond issue is SEK 1,430 M.

Level 1: according to prices quoted on an active market for the same instrument.

Level 2: based on directly or indirectly observable market inputs other than those included in level 1.

Level 3: based on inputs that are not observable on the market.

Level 2	2020	2019
Financial assets measured at fair value through profit or loss/Currency swaps	9	5
Financial liabilities measured at fair value through profit or loss/Currency swaps	0	8

Fair value and carrying amount for financial instruments and categorisation are presented below:

	Note	2020		2019	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Assets measured at fair value through profit and loss</b>					
Currency swaps	19	9	9	5	5
<b>Interest-bearing assets measured at amortised cost</b>					
Long-term receivables, interest-bearing	19	1	1	1	1
Trade receivables	28	1,233	1,233	1,402	1,402
Other receivables	19	122	122	171	171
Cash and cash equivalents	33	2,063	2,063	236	236
<b>Financial investments</b>					
Shares and interests	18	4	—	3	—
Housing cooperative units	18	5	5	5	5
<b>Debts measured at fair value through profit and loss</b>					
Currency swaps	25	0	0	8	8
<b>Debts measured at amortised cost</b>					
Bond issue	22	1,422	1,422	1,289	1,289
Lease liabilities IFRS 16	22	2,611	2,611	2,620	2,620
Non-current interest-bearing liabilities	22	51	51	67	67
Current interest-bearing liabilities	22	538	538	900	900
Other lease liabilities	22	235	235	276	276
Provision/put option	24	142	142	152	152
Trade payables		2,224	2,224	2,298	2,298
Accrued interest	26	6	6	11	11

## Fair Value Measurement

The following summarises the most important methods and assumptions that have been used to establish the fair value of the financial instruments in the above table.

### Financial instruments measured at fair value

#### Currency swaps

For currency swaps, the fair value is determined on the basis of market rates. If such rates are not available, the fair value is calculated by discounting the difference between the contracted forward rate and the forward rate that can be obtained on the balance sheet date for the remaining contract period.

#### Financial investments

Bilia's holdings in this category consist of unlisted shareholdings, housing cooperative units and deposits. Since fair value cannot be calculated with sufficient reliability for unlisted shareholdings and housing cooperative units, these assets are measured at cost.

### Financial instruments that are not measured at fair value

#### Interest-bearing liabilities and lease liabilities

Fair value is largely equivalent to carrying amount, since the interest rate on outstanding liabilities is variable.

#### Hire-purchase receivables

Fair value essentially corresponds to carrying amount, since the interest rate on outstanding receivables is variable.

#### Trade receivables and trade payables

In the case of trade receivables and trade payables with a remaining life of less than one year, the carrying amount is deemed to reflect fair value. The carrying amount is deemed to reflect fair value in the case of trade receivables and trade payables with a life of more than one year as well, since variable interest is charged on the outstanding receivable/liability.

## Note 28 Financial risks and risk management

### ➤ Accounting principle

Bilia applies IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement in accounting for financial risks and risk management.

### General

The main purpose of Bilia AB with subsidiaries is to sell new and used cars, and in conjunction with this also supply workshop services, spare parts, accessories and fuel.

The financing operation in Bilia encompasses the following:

- financing of the Group with loans and other operating liabilities

- analysis, measurement and management of currency risks, interest rate risks and operating risks in order to reduce these risks
- administration of Group accounts and internal bank function in Bilia
- oversight of credit granting by the subsidiaries to ensure compliance with an appropriate credit policy
- Bilia's payment procedures and everything included in the concept of cash management
- control, monitoring and reporting of the outcome of Bilia's financing operation based on guidelines issued by the Board of Directors.

Note 28 cont'd.

### Goals of the financing operation

The goals of Bilia's financing operation are to:

- ensure that the Group has access to the requisite loan financing
- secure the best possible terms for lending and investing
- ensure that credit risks, interest rate risks, liquidity risks, currency risks and operating risks are always kept within the limits stipulated in Bilia's financing policy.

### Organisation and division of responsibilities

#### The Parent Company Bilia AB

The MD of Bilia AB is responsible for all financial activities in the Group and shall ensure that they are conducted in accordance with the finance policy adopted by the Board of Directors. The CFO is the head of the Finance Department and is responsible for ensuring that financing activities throughout Bilia are conducted in accordance with Bilia's policies, rules and instructions.

The Treasurer is in charge of the day-to-day activities of the Parent Company's Finance Department, which also has an internal bank function that is intended to serve all Group companies.

The overall objective of the finance function is to provide cost-effective financing and to minimise the negative effects of currency fluctuations on the Group's earnings.

All investments of temporary excess liquidity must have high liquidity and low credit risk. Short-term investments may be made in instruments and with counterparties included in a list issued by the MD of Bilia AB. The list is prepared to meet the following requirements:

- Short-term investments may be made in Swedish government securities with high liquidity with no limit on amounts.
- Short-term investments may be made in Swedish banks, no more than SEK 300 M per bank, with a commitment period of no more than 90 days. The bank must have a rating of at least A2 according to Moody's rating model or Standard & Poor's equivalent rating of A.
- Short-term investments, in commercial paper or deposits in accounts, of no more than SEK 200 M and with a commitment period of no more than 30 days may be made in Volvofinans Bank AB.
- Short-term investments may be made in securities assigned a rating of K1 by Nordisk Rating and with a remaining maturity of no more than 90 days, to an amount of no more than SEK 50 M per issuer.

#### Subsidiaries

The MD of each subsidiary is responsible for ensuring that the granting of credit by the company takes place in accordance with a credit policy adopted by the company's board of directors and that financing activities are otherwise conducted in accordance with the guidelines set forth in special instructions from Bilia AB.

#### Financial receivables

The Group's non-current financial assets hire-purchase receivables amounting to SEK 1 M (1).

The Group's current financial assets consist for the most part of SEK 1,233 M (1,402) in trade receivables and SEK 41 M (2) in short-term investments. The average credit period for trade receivables is 18 days (21).

### Capital management

The Group's equity, which is defined as total reported equity, amounted at year-end to SEK 3,968 M (3,186). Return on equity amounted to 27.5 per cent (26.5).

The 2020 AGM gave the Board of Directors a mandate to resolve to acquire Bilia shares equivalent to no more than 10 per cent of the total number of shares.

According to Bilia's finance policy, one of the most important goals is to ensure that the Group has access to the requisite loan financing.

Bilia's dividend policy prescribes that at least 50 per cent of the net profit for the year be distributed to the shareholders. In addition to cash dividends, Bilia has made extra distributions in kind on two occasions: the spin-offs of Kommersiella Fordon (KFAB) in 2003 and Catena (property portfolio) in 2006.

Previous year's proposed dividend of SEK 5.25 was withdrawn by the Board before the AGM 2020 due to the uncertainty related to the COVID-19 pandemic.

### Financing agreements

For 2020, Bilia's lenders require that the ratio of EBITDAJ in relation to the net financial items should be at least 3.5 times, the ratio of net debt to EBITDAJ should not exceed 3.5 times, and bank loans in relation to the sum of fixtures and fittings, interests in associated companies, inventories and net trade receivables should not exceed 50 per cent. In 2020 the ratio of EBITDAJ to net financial items was 24.51 times, the ratio of interest-bearing net debt to EBITDAJ was -0.15 times, and the ratio of bank loans to the sum of fixtures and fittings, interests in associated companies, inventories and net trade receivables was -30 per cent. The lender is contractually entitled to cancel the lease for renegotiation or termination if the above requirements are not met.

#### Financial risks and risk limitation

Bilia is exposed through its business operations to various kinds of financial risks.

By "financial risks" is meant fluctuations in Bilia's earnings and cash flow as a result of changes in exchange rates, interest rates, refinancing risks and credit risks. Bilia's finance policy for managing financial risks has been formulated by the Board of Directors and comprises a framework of guidelines and rules in the form of risk mandates and limits for the financing activities.

The various financial risks to which Bilia is exposed are described below. These risks are managed by Bilia AB's internal bank at the head office in Gothenburg.

#### Liquidity risk

By liquidity risk (also called financing risk) is meant the risk that financing cannot be obtained at all, or only at excessively inflated costs, due to disruptions in the financial system. At least 50 per cent of the lines of credit shall have a remaining maturity of at least one year. Contracts have been signed for lines of credit totalling SEK 1,500 M (1,500). The lines of credit were extended in March 2020 up until March 2025, and SEK 1,500 M (1,500), net, was unutilised at year-end. Bilia's financial liabilities amounted to SEK 7,087 M (7,469) at year-end, and the maturity structure of the debt is shown in the table "Maturity structure – Financial liabilities".



Credit facilities and loans	Currency	Nominal amount	Total amount	Utilised	Available
Maturity	SEK	1,500	1,500	—	1,500
<b>Total</b>			<b>1,500</b>	<b>—</b>	<b>1,500</b>
Available cash and cash equivalents					2,063
<b>Liquidity reserve</b>					<b>3,563</b>

### Maturity structure – Financial liabilities

The following table shows the maturity structure of the financial liabilities on the balance sheet date, undiscounted cash flows.

Lender	Currency	2020				2019			
		Total amount	<1 yr	1–5 yrs	>5 yrs	Total amount	<1 yr	1–5 yrs	>5 yrs
Bank overdraft facilities	EUR	—	—	—	—	1	1	—	—
BMW Financial Services	EUR	—	—	—	—	43	1	42	—
BMW Financial Services	EUR	—	—	—	—	10	10	—	—
ING Bank	EUR	—	—	—	—	3	0	0	3
BMW Financial Services	EUR	31	1	30	—	28	28	—	—
BMW Financial Services	EUR	10	10	—	—	15	15	—	—
BMW Financial Services	EUR	—	—	—	—	27	27	—	—
VR Bank	EUR	—	—	—	—	2	2	—	—
ING Bank	EUR	22	1	3	18	22	1	3	18
ING Bank	EUR	3	0	3	—	10	10	—	—
BMW Bank	EUR	9	9	—	—	331	331	—	—
Belfius	EUR	35	35	—	—	33	33	—	—
Belfius	EUR	—	—	—	—	1	1	—	—
Volksbank Mittelhessen	EUR	4	0	4	—	5	5	—	—
Volksbank Mittelhessen	EUR	1	1	—	—	1	1	—	—
Emprunt bat Lib	EUR	3	0	0	3	2	0	0	2
Nordea Finans	NOK	284	284	—	—	347	347	—	—
Volvofinans Bank AB	SEK	193	193	—	—	128	128	—	—
Lexus finans	SEK	16	16	—	—	—	—	—	—
Bond issue	SEK	1,504	150	1,354	—	1,367	25	1,342	—
Personel fund	SEK	5	0	0	5	5	0	0	5
Derivat		—	—	—	—	8	8	—	—
Trade payables		2,224	2,224	—	—	2,298	2,298	—	—
Lease liabilities IFRS 16, Sweden	SEK	1,977	278	934	765	2,013	272	673	1,068
Lease liabilities IFRS 16, Norway	NOK	876	143	511	222	964	130	221	613
Lease liabilities IFRS 16, Germany	EUR	53	11	41	1	57	9	2	46
Lease liabilities IFRS 16, Luxembourg	EUR	37	22	15	0	6	6	—	—
Lease liabilities IFRS 16, Belgium	EUR	25	2	5	18	23	1	16	6
Other lease liabilities	SEK	280	52	113	115	284	144	140	—
<b>Total</b>		<b>7,592</b>	<b>3,432</b>	<b>3,013</b>	<b>1,147</b>	<b>8,034</b>	<b>3,834</b>	<b>2,439</b>	<b>1,761</b>

### Market risk

Market risk is the risk that the fair value of, or future cash flows from, a financial instrument will fluctuate due to changes in market prices. Market risks are divided by IFRS into three types: interest rate risk, currency risk and other price risks. The market risks that affect the Group the most are interest rate risks and currency risks.

Bilia's goal is to manage and control market risks within established parameters while simultaneously optimising the result of the risk-taking within given limits. The parameters are set for the purpose of ensuring that the market risks will, in the short term (6–12 months), have only a marginal effect on Bilia's earnings and position. In the longer term, however, lasting changes in exchange rates and interest rates will have an impact on the consolidated profit.

### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market rates. Interest rate risk can consist of change in fair value, known as price risk, and changes in cash flow, known as cash flow risk. A significant factor influencing interest rate risk is the fixed interest rate period.

A short average fixed interest rate period in Bilia's loan portfolio means that large interest rate changes affect earnings almost immediately.

A long fixed interest rate period, on the other hand, means that the financing cost may fall out of step with the general price and inflation trend and therefore deviate significantly from the current cost of financing generally applicable in the sector. Bilia's assets are primarily of a current nature. The goal of the finance policy is to minimise the effects of an interest rate change.

Note 28 cont'd.

According to the finance policy, the goal is that at a net debt of less than SEK 500 M, the fixed interest rate period should be 0–6 months. If net debt exceeds SEK 500 M, the average fixed interest rate period should be no more than 9 months.

At the balance sheet date, the Bilia had the following interest rate profile on its financial instruments:

Carrying amounts	2020	2019
<b>Variable interest rate</b>		
Financial assets	2,063	236
Financial liabilities <sup>4)</sup>	4,865	5,163

<sup>4)</sup> Including lease liabilities IFRS 16; SEK 2,611 M (2,620).

#### Sensitivity analysis

As of 31 December 2020, a general increase in the interest rate by 1 percentage point is expected to increase the Group's profit before tax exclusive IFRS 16 by about SEK 3 M (reduction: 19). If the interest rate increase by 1 per cent even for lease liabilities for IFRS 16, profit before tax would decrease by SEK 23 M (decrease: 45).

#### Currency risk

Bilia is exposed to different types of currency risks. The foremost exposure comes from currency risk fluctuations on translation of the assets and liabilities of foreign subsidiaries to the Parent Company's functional currency, called translation exposure.

Derivative instruments such as interest rate swaps and forward exchange contracts are used to control Bilia's interest rate risk. They may only be used by Bilia AB or under its control and only to meet the requirements on minimising risk in a cost-effective manner as prescribed by the finance policy.

#### Subsidiaries

All companies in Bilia are restricted in their marketing and sales to their home market. Products are purchased according to price lists in the local currency. According to Bilia's instructions for financing in the subsidiaries, all financing must be in local currency. In this way, no currency risk arises at the subsidiary level. In cases where currency risk nevertheless arises, it must be hedged, provided the currency risk on each occasion is not deemed marginal.

Currency swaps are used to eliminate exchange rate risks that arise in conjunction with the offsetting of bank balances in different currencies.

The table below shows outstanding holdings of currency swaps where Bilia has sold NOK and EUR against SEK, broken down by currency and year.

Currency swaps	2020		2019	
	Currency	SEK	Currency	SEK
NOK	—	—	-350	-370
EUR	-59	-592	-44	-461

Currency swaps fall due within a month of the balance sheet date.

#### Transaction exposure

Transaction exposure is limited by the fact that all sales and purchases take place in the local currency.

#### Translation exposure

Foreign net assets in Bilia are denominated in the following currencies:

Currency	2020		2019	
	Amount	%	Amount	%
NOK	804	69	662	63
EUR	358	31	383	37

Bilia has a policy of not hedging translation exposures in foreign currencies.

#### Sensitivity analysis

If the Norwegian krone and the euro were strengthened by 10 per cent against the Swedish krona, the pre-tax profit on translation of foreign subsidiaries would be improved by SEK 44 M (28) against the Norwegian krone and SEK 5 M (10) against the euro.

#### Credit risk

##### Financial activities

Financial risk management entails an exposure to credit risks. These are mainly counterparty risks associated with receivables from banks and other counterparties that arise in connection with purchases of derivative instruments.

By counterparty risk is meant the risk that the counterparty to an agreement will default on its financial obligations. Financial agreements may only be entered into with counterparties included on the list issued by the MD of Bilia AB.

List of permissible counterparties in currency swaps and forward exchange contracts:

Lender	Maximum amount
Nordea	500
DNB	900

##### Trade receivables

The risk that Bilia's customers will default on their obligations, in other words that payment will not be received for trade receivables before entering a transaction, constitutes a customer credit risk. Credit checks are run on Bilia's customers, whereby information on the customers' financial status is requested from different credit agencies. Bilia has established a credit policy for handling customer credits. The policy stipulates decision levels for different credit limits and how credits and doubtful debts are to be rated.

In this context, "credit" is equated with liability for customers' solvency that may remain after the credit has been taken over by Volvofinans Bank AB or another credit institution.

The maximum exposure to credit risk is shown by the carrying amount for the financial asset in question in the table below. For concentration of credit risk, see below.

As far as provision for doubtful debts is concerned, an assessment is made in each individual case, taking into account the customer's credit history and historical experience of bad debt losses on similar receivables. Most of the outstanding trade receivables are customers previously known to the Group with good credit ratings.

Trade receivables gross are recognised after taking into account realised bad debt losses, which amounted to SEK 8 M (12). Impairment loss for the year amounts to SEK 3 M (6).

	2020		2019	
	Gross	Impairment	Gross	Impairment
<b>Age analysis, trade receivables</b>				
Trade receivables not due	866	—	742	—
Overdue trade receivables 0–30 days	314	-1	523	0
Overdue trade receivables 31–90 days	49	-4	115	-5
Overdue trade receivables 91–180 days	9	-7	25	-5
Overdue trade receivables 181–360 days	4	-2	10	-4
Overdue trade receivables > 360 days	8	-3	2	-1
<b>Total</b>	<b>1,250</b>	<b>-17</b>	<b>1,417</b>	<b>-15</b>

Bilia's hire-purchase receivables amounts SEK 1 M (1). Bilia has reservation of title on cars sold equivalent to the market value, which is judged to be on a level with outstanding hire-purchase receivables.

### Recourse liabilities

Bilia has a repurchase commitment if lessees or borrowers default on their payment obligations for cars financed by Volvofinans Bank AB and brokered by Bilia. Bilia receives revenue for cars brokered to Volvofinans Bank AB. The revenue

is received for the most part continuously over the term of the contracts, and unrecognised revenue attributable to financings with recourse liabilities not due amounts to SEK 166 M (171). Credit losses for financings with recourse liabilities have historically been on a very low level.

	2020		2019	
	Gross	Impairment	Gross	Impairment
<b>Age analysis, recourse liabilities</b>				
Recourse liabilities not due	6,172	—	6,354	—
Overdue recourse liabilities 0–30 days	8	—	9	—
Overdue recourse liabilities 31–90 days	2	—	1	—
Overdue recourse liabilities 91–180 days	0	—	0	—
Overdue recourse liabilities 181–360 days	0	—	0	—
Overdue recourse liabilities > 360 days	0	—	0	—
<b>Total</b>	<b>6,182</b>	<b>—</b>	<b>6,364</b>	<b>—</b>

### Concentration of credit risk

The three largest customers account for 19.3 per cent (23.0) of the trade receivables and 0.5 per cent (0.4) of the recourse

liabilities. The credit risk among these customers is judged to be low.

	2020		2019	
	Trade receivables	Recourse liabilities	Trade receivables	Recourse liabilities
<b>Allowance account</b>				
Opening balance	-15	—	-10	—
Reversal of previous impairment losses	1	—	1	—
Impairment losses for the year	-3	—	-6	—
Translation difference	0	—	0	—
<b>Closing balance</b>	<b>-17</b>	<b>—</b>	<b>-15</b>	<b>—</b>

## Note 29 Leases

### ➤ Accounting principle

Bilia applies IFRS 16 Leases.

### Leases

Leases are from 2019 accounted for as right-of-use assets according to IFRS 16 Leases.

### Lessee

Leases are accounted for as a right-of-use assets and a lease liability based on the future present value of all lease fees until the lease period comes to an end.

Assets rented under leases are mainly facilities used for sales and service of cars and office equipment. Bilia AB is the lessee on most of the Swedish property leases and sublets

the facilities to subsidiaries and, to a lesser extent, external parties. At year-end 2020, the property leases covered about 471,000 square metres (480,000).

In some cases, lease payments are fixed for periods of three months based on STIBOR or CIBOR. In other cases, lease payments are linked to a portion of the consumer price index or similar index. Leases can be extended in most cases. An assessment and judgement about the likelihood of an extension of the lease using an extension option is made when the extensible becomes current.

The operating lease at the beginning of the year have been re-calculated to a right-of-use asset and a lease liability according to IFRS 16.

Note 29 cont'd.

The lease liability specified as current and non current :

Lease liabilities as per IFRS 16 as at December 31	2020	2019
Current	443	406
Non current	2,168	2,214
<b>Lease liabilities included in the Consolidated Statement of Financial Position</b>	<b>2,611</b>	<b>2,620</b>

The right-of-use assets are depreciated on a straight-line basis over the lease period and is accounted for as cost of goods sold, selling expenses and administrative expenses. An interest expense is calculated based on the lease liability and included as financial expense.

The costs for leases specified as:

Amounts included in the profit and loss as per IFRS 16	2020	2019
Depreciation of right-of-use assets	-440	-451
Interest expense on lease liabilities	-76	-85
Income from sublets of right-of-use assets	7	7
Short-term lease and leases of low value	-8	-7
<b>Consolidated statement of Income</b>	<b>-517</b>	<b>-536</b>

Cash flow below includes all leases, both cash flow leases accounted for as lease liabilities and cash flow for short term lease and lease of low value.

Reported Cash Flow	2020	2019
Cash flow related to leases	-515	-524

### Lessor

Revenue pertaining to operating leases is recognised in profit or loss for the year on a straight-line basis over the lease period.

Assets that are leased out under operating leases are recognised as property, plant and equipment and classified as Leased vehicles see Note 15 "Property, plant and equipment".

These assets consist of:

- owned cars that are leased out under operating leases
- cars rented via finance leases that are leased out under operating leases
- sold cars combined with a future repurchase commitment at a guaranteed residual value

The past year's and future non-cancellable lease payments are as follows:

	2020	2019
Lease payments for the year	481	546
<b>Total lease payments for the year</b>	<b>481</b>	<b>546</b>
<b>Future lease payments</b>		
Within one year	435	457
Between one and five years	222	257
Later than five years	1	—
<b>Total</b>	<b>658</b>	<b>714</b>

A cost of SEK 16 M (17) is recognised for repairs and maintenance of leased cars and facilities.

## Note 30 Capital commitments

During 2020 the Group concluded agreements to acquire SEK 86 M (73) worth of intangible non-current assets and property, plant and equipment. These commitments are expected to be settled during the following financial year.

## Note 31 Pledged assets and contingent liabilities

### ► Accounting principle

Bilia applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets in accounting for pledged assets and contingent liabilities.

A contingent liability is recognised when there exists a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events or when there exists an obligation that is not recognised as a liability or a provision due to the fact that it is not probable that an outflow of resources will be required.

Pledged assets	2020	2019
<b>For own liabilities and provisions</b>		
Floating charges	587	595
Leased vehicles and hire-purchase receivables	209	222
Real property	21	22
<b>Pledged assets</b>		
– Endowment policies	224	229
– Inventories	266	317
<b>Total pledged assets</b>	<b>1,307</b>	<b>1,385</b>

Contingent liabilities	2020	2019
Surety	1	1
Recourse liabilities	6,182	6,364
<b>Total contingent liabilities</b>	<b>6,183</b>	<b>6,365</b>

### Recourse liabilities

Bilia has a repurchase commitment if lessees or borrowers default on their payment obligations for cars financed by Volvofinans Bank AB and brokered by Bilia. Bilia receives a commission for cars brokered to Volvofinans Bank AB. The commission is received for the most part continuously over the term of the contract, and non-revenue commission attributable to financings with recourse liabilities not due amounts to SEK 166 M (171). Credit losses for financings with recourse liabilities have historically been on a very low level.

## Note 32 Related parties

### ➤ Accounting principle

Bilia applies IAS 24 Related Party Disclosures in accounting for related parties.

Key management personnel consist of Board members, the MD and other senior officers. Disclosures regarding wages, salaries, options and other remunerations to key management personnel are presented in Note 8 "Employees, personnel costs and remunerations for senior officers".

Other transactions are reported in the table below.

Board members Mats Qviberg and Anna Engebretsen and their close family members control, directly and indirectly via Investment AB Öresund, approximately 27 per cent (26) of the votes in the company. Board member Nicklas Paulson is MD in Investment AB Öresund. Board members Jan Pettersson and Gunnar Blomkvist hold an accrued pension that is reported as a pension obligation to former senior officers in Note 8 "Employees, personnel costs and remunerations for senior officers".

### Related party transactions

Related party relationship	Year	Sales of goods and services to related party	Purchases of goods and services from related party	Commissions/ interest/ dividend	Claim on related party at 31 December	Debt to related party at 31 December
Associated companies	2020	1,560	366	136	44	56
Associated companies	2019	1,580	293	180	179	30
Contingent liabilities for associated companies	2020	6,182				
Contingent liabilities for associated companies	2019	6,364				
Key persons	2020	4				
Key persons	2019	4	1			

Transactions with key management personnel are priced on market terms.

## Note 33 Cash and cash equivalents and specifications for cash flows

### ➤ Accounting principle

Bilia applies IAS 7 Statement of Cash Flows in accounting for cash flows.

	2020	2019
<b>The following items are included in cash and cash equivalents</b>		
Cash on hand and demand deposits	2,021	233
Cash on hand	1	1
Short-term investments, equivalent to cash	41	2
<b>Total according to Statement of Cash Flows</b>	<b>2,063</b>	<b>236</b>
<b>Interest paid and dividends received</b>	<b>2020</b>	<b>2019</b>
Dividends received	11	49
Interest received	2	3
Interest paid	-148	-156
<b>Total</b>	<b>-135</b>	<b>-104</b>

### Depreciation/amortisation and impairment losses

	2020	2019
Depreciation/amortisation <sup>1)</sup>	1,128	1,146
Impairment losses	60	81
<b>Total</b>	<b>1,188</b>	<b>1,227</b>

<sup>1)</sup> Includes depreciation for IFRS 16 with SEK 440 M (451).

### Other items not affecting cash

	2020	2019
Capital gain on sales of property, plant and equipment	-5	-8
Profit from shares in associated companies	-36	8
Other provisions	53	17
Profit share to employees	25	29
Other	69	-24
<b>Total</b>	<b>106</b>	<b>22</b>

Note 33 cont'd.

**Acquisition of subsidiaries and other business entities**

Acquired assets and liabilities	2020	2019
Intangible assets	49	76
Property, plant and equipment	131	200
Long-term investments	1	0
Deferred tax asset	0	1
Inventories	60	53
Operating receivables	24	16
Cash and cash equivalents	48	2
<b>Total assets</b>	<b>313</b>	<b>348</b>
Deferred tax liability	25	10
Operating liabilities	70	263
<b>Total provisions and liabilities</b>	<b>95</b>	<b>273</b>
<b>Acquired net assets</b>	<b>218</b>	<b>75</b>
Purchase consideration:	218	75
<b>Purchase consideration, cash</b>	<b>218</b>	<b>75</b>
Less: Cash and cash equivalents in disposed business	48	2
<b>Impact on cash and cash equivalents</b>	<b>-170</b>	<b>-73</b>

**Disposal of subsidiaries and other business entities**

Disposal of assets and liabilities	2020	2019
Inventories	7	—
<b>Total assets</b>	<b>7</b>	<b>—</b>
Capital gain	-5	—
<b>Total provisions and liabilities</b>	<b>-5</b>	<b>—</b>
Sales price:	12	—
Purchase consideration received	12	—
Less: Cash and cash equivalents in disposed business	—	—
<b>Impact on cash and cash equivalents</b>	<b>12</b>	<b>—</b>

**Reconciliation of liabilities deriving from financing activities**

	Opening liabilities 2020	Cash Flows	Non-cash adjustments			Closing liabilities 2020
			Acquisition of subsidiaries	Net changes in lease agreements	Exchange rate differences	
Other loans	962	-410	34	-26	24	584
Personnel fund	5	0	—	—	—	5
Bond issue	1,300	130	—	—	—	1,430
Lease liabilities IFRS 16	2,620	79	—	-1	-87	2,611
Lease liabilities	276	-67	—	26	—	235
<b>Total liabilities deriving from financing activities</b>	<b>5,163</b>	<b>-268</b>	<b>34</b>	<b>-1</b>	<b>-63</b>	<b>4,865</b>

Unutilised credit facilities	2020	2019
Unutilised credit facilities amount to	1,541	1,553

**Note 34 Events after the balance sheet date****Accounting principle**

Bilia applies IAS 10 Events After the Reporting Period in accounting for events after the balance sheet date.

The financial statements were approved for publication by the Parent Company's Board of Directors on 9 March 2021.

On 25 January 2021 Bilia entered an acquisition agreement of 80 per cent of the shares in Felgteknikk Norge AS. The company is a smaller family business who does rim repair.

On 26 February 2021 Bilia concluded an agreement to acquire an authorised Porsche dealer, Ferdinand Holding AB, including associated operations and two real estate companies. The company conducts sales and service operations for Porsche cars at two facilities in southern Sweden. The agreement is subject to approval by the Swedish competition authority. The operation's capital employed and agreed surplus values amount to about SEK 320 M. The takeover of the two real estate companies is made at a value of about SEK 130 M. Bilia is expecting to take over the operations on 3 May 2021.

**Note 35 Information about the Parent Company**

Bilia AB (publ) is a Swedish-registered limited company domiciled in Gothenburg. The Parent Company's shares are registered on Nasdaq Stockholm.

The postal address to the head office is:

Bilia AB (publ)  
Box 9003  
SE-400 91 Gothenburg, Sweden

Visiting address: Norra Långebergsgatan 3, Västra Frölunda  
Telephone: +46 10 497 70 00

bilia.com  
Corporate ID No.: 556112-5690

The consolidated accounts for 2020 comprise the Parent Company and its subsidiaries, together called the Group. The Group also includes holding in associated company.

# Income Statement for Parent Company

SEK M	Note	2020	2019
Net turnover	2	545	530
Administrative expenses	3, 4	-621	-614
<b>Operating loss</b>	20	<b>-76</b>	<b>-84</b>
<b>Income/loss from financial items</b>			
Profit from shares in Group companies	5	-1	117
Other interest income and similar line items	5	52	64
Interest expenses and similar line items	5	-46	-43
<b>Profit after financial items</b>		<b>-71</b>	<b>54</b>
Appropriations	6	858	723
<b>Profit before tax</b>		<b>787</b>	<b>777</b>
Tax	7	-161	-131
<b>Net profit for the year <sup>1)</sup></b>		<b>626</b>	<b>646</b>

<sup>1)</sup> Net profit for the year coincides with comprehensive income for the year.

# Balance Sheet for Parent Company

SEK M	Note	31/12/20	31/12/19
<b>Assets</b>	18, 21		
<b>Non-current assets</b>			
<b>Intangible assets</b>	8		
Intellectual property		0	0
<b>Total intangible assets</b>		<b>0</b>	<b>0</b>
<b>Property, plant and equipment</b>	9		
Buildings		175	163
Construction in progress		39	36
Equipment, tools, fixtures and fittings		4	5
<b>Total property, plant and equipment</b>		<b>218</b>	<b>204</b>
<b>Long-term investments</b>			
Shares in Group companies	10	1,528	1,328
Other securities held as non-current assets	11	1	1
Deferred tax asset	7	61	58
<b>Total long-term investments</b>		<b>1,590</b>	<b>1,387</b>
<b>Total non-current assets</b>		<b>1,808</b>	<b>1,591</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables		3	1
Receivables from Group companies	23	1,429	2,130
Other receivables		31	115
Prepaid expenses and accrued income		89	80
<b>Total current receivables</b>		<b>1,552</b>	<b>2,326</b>
Cash on hand and demand deposits		1,833	55
<b>Total current assets</b>		<b>3,385</b>	<b>2,381</b>
<b>Total assets</b>		<b>5,193</b>	<b>3,972</b>



# Balance Sheet for Parent Company

SEK M	Note	31/12/20	31/12/19
<b>Equity and liabilities</b>	18, 21		
<b>Equity</b>	12		
<b>Restricted equity</b>			
Share capital (102,799,952 shares)		257	257
Statutory reserve		47	47
<b>Total equity</b>		<b>304</b>	<b>304</b>
<b>Non-restricted equity</b>			
Share premium reserve		167	167
Retained earnings		778	251
Net profit for the year		626	646
<b>Total non-restricted equity</b>		<b>1,571</b>	<b>1,064</b>
<b>Total equity</b>		<b>1,875</b>	<b>1,368</b>
<b>Untaxed reserves</b>	13	<b>1,016</b>	<b>863</b>
<b>Provisions</b>			
Deferred tax liability	7	15	14
<b>Total</b>		<b>15</b>	<b>14</b>
<b>Non-current liabilities</b>			
Bond issue	16, 19	1,292	1,289
Other liabilities	16, 19	5	5
<b>Total non-current liabilities</b>		<b>1,297</b>	<b>1,294</b>
<b>Current liabilities</b>			
Trade payables	19	84	88
Bond issue	16, 19	130	—
Current tax liability		50	136
Liabilities to Group companies	23	555	70
Other liabilities	16	18	11
Accrued expenses and deferred income	17	153	128
<b>Total current liabilities</b>		<b>990</b>	<b>433</b>
<b>Total equity and liabilities</b>		<b>5,193</b>	<b>3,972</b>

Pledged assets and contingent liabilities for the Parent Company, see Note 22.

# Statement of Changes in Equity for Parent Company

SEK M	Restricted equity			Non-restricted equity			Total equity
	Number of shares	Share capital	Statutory reserve	Share pre-mium reserve	Retained earnings	Net profit for the year	
<b>Opening equity 1 Jan. 2019</b>	<b>102,799,952</b>	<b>257</b>	<b>47</b>	<b>167</b>	<b>348</b>	<b>461</b>	<b>1,280</b>
Reposting of last year's profit	—	—	—	—	461	-461	—
Dividend (SEK 4.75 per share)	—	—	—	—	-480	—	-480
Buy-back of own shares	—	—	—	—	-79	—	-79
Incentive programme	—	—	—	—	1	—	1
Net profit for the year	—	—	—	—	—	646	646
<b>Closing equity 31 Dec. 2019</b>	<b>102,799,952</b>	<b>257</b>	<b>47</b>	<b>167</b>	<b>251</b>	<b>646</b>	<b>1,368</b>
<b>Opening equity 1 Jan. 2020</b>	<b>102,799,952</b>	<b>257</b>	<b>47</b>	<b>167</b>	<b>251</b>	<b>646</b>	<b>1,368</b>
Reposting of last year's profit	—	—	—	—	646	-646	—
Dividend (SEK — per share) <sup>1)</sup>	—	—	—	—	—	—	—
Buy-back of own shares	—	—	—	—	-122	—	-122
Incentive programme	—	—	—	—	3	—	3
Net profit for the year	—	—	—	—	—	626	626
<b>Closing equity 31 Dec. 2020</b>	<b>102,799,952</b>	<b>257</b>	<b>47</b>	<b>167</b>	<b>778</b>	<b>626</b>	<b>1,875</b>

<sup>1)</sup> Proposed dividend of SEK 5:25 was withdrawn due to regulation regarding the COVID-19 pandemic.

# Cash Flow Statement for Parent Company

SEK M	Note	2020	2019
<b>Operating activities</b>	24		
Profit after financial items		-71	54
Other items not affecting cash		36	33
Tax paid		-157	-124
<b>Cash flow from operating activities before change in working capital</b>		<b>-192</b>	<b>-37</b>
Change in operating receivables		844	-33
Change in operating liabilities		512	32
<b>Cash flow from operating activities</b>		<b>1,164</b>	<b>-38</b>
<b>Investing activities</b>			
Acquisition of non-current assets (intangible and tangible)		-39	-62
<i>Operating cash flow</i>		<i>1,125</i>	<i>-100</i>
Shareholders' contributions paid		—	-10
Investments in financial assets		-2	—
Acquisition of subsidiaries, net		-205	—
<b>Cash flow from investing activities</b>		<b>-246</b>	<b>-72</b>
<b>Cash flow after net investments</b>		<b>918</b>	<b>-110</b>
<b>Financing activities</b>			
Borrowings		900	—
Repayment of loans		-770	—
Change in overdraft facility		-7	-36
Buy-back of own shares		-122	-79
Dividend paid		—	-480
Group contributions received		859	678
<b>Cash flow from financing activities</b>		<b>860</b>	<b>83</b>
<b>Change in cash and cash equivalents</b>		<b>1,778</b>	<b>-27</b>
Cash and cash equivalents at start of year		55	82
Cash and cash equivalents at year-end		1,833	55

# Notes to the Parent Company Financial Statements

Amounts in SEK M unless otherwise stated.

## Note 1 Key accounting principles

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The statements regarding listed companies issued by the Swedish Financial Reporting Board are also applied. Under RFR 2, the Parent Company shall, in preparing the annual accounts for the legal entity, apply all IFRS's and statements adopted by the EU whenever this is possible within the framework of the Annual Accounts Act and the Act on Safeguarding of Pension Obligations, while taking account of the relationship between accounting and taxation. The recommendation stipulates which exceptions and additions shall be made to the IFRSs.

The Parent Company applies the same accounting principles as the Group, except in the cases described below.

The Parent Company's accounting principles have been applied consistently to all periods presented in the Parent Company's financial statements.

### Presentation and formats

An Income Statement is presented for the Parent Company where a Consolidated Statement of Income and Other Comprehensive Income is presented for the Group. Furthermore, the designations Balance Sheet and Cash Flow Statement are used for the Parent Company for those statements which in the Group are entitled Consolidated Statement of Financial Position and Consolidated Statement of Cash Flows, respectively. The Income Statement and the Balance Sheet for the Parent Company follow the formats stipulated in the Annual Accounts Act, while the Consolidated Statement of Income and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The differences in the Parent Company's Income Statement and Balance Sheet, compared with the consolidated statements, consist mainly of reporting of equity and the occurrence of provisions as a separate heading in the Balance Sheet.

### Subsidiaries

Interests in subsidiaries are accounted for in the Parent Company according to the cost method. This means that transaction costs are included in the carrying amount of holdings in subsidiaries.

Contingent considerations are measured based on the probability that the purchase consideration will be paid. Any changes in the provision are added to the cost.

### Revenue

#### Rental income

The Parent Company rents most of the properties in the Swedish part of the Group. The rents are further invoiced to the subsidiaries. Rental income and costs are recognised gross in the Parent Company in the period to which they are attributable.

#### Anticipated dividends

Anticipated dividend from a subsidiary is recognised in cases where the Parent Company alone is entitled to determine the size of the dividend and the Parent Company has made a decision on the size of the dividend before the Parent Company has published its financial statements.

### Financial guarantees

The Parent Company's financial guarantee contracts consist in the main of guarantees for the benefit of Group companies. Financial guarantees require the company to reimburse the holder of a debt instrument for losses the latter incurs due to the fact that a stipulated debtor fails to make payment when due under the terms of the contract. In accounting for financial guarantee contracts, the Parent Company applies an exemption rule allowed by the Swedish Financial Reporting Board, compared with the rules in IAS 39. The exemption rule pertains to financial guarantee contracts issued for the benefit of subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the Balance Sheet when the company has an obligation and an outflow of resources will probably be required to settle the obligation.

### Leased assets

In the Parent Company, all leases are accounted for in accordance with the rules for operating leases.

### Taxes

In the Parent Company, in contrast to the Group, untaxed reserves are recognised without being divided into equity and deferred tax liability. In a similar manner, in the Parent Company Income Statement, no reallocation of appropriations is made to deferred tax expense.

### Group contributions and shareholders' contributions

Shareholders' contributions paid are capitalised in shares and interests, to the extent impairment loss is not recognised.

Group contributions paid and received are recognised as appropriations.

## Note 2 Allocation of revenue

	2020	2019
<b>Net turnover/function</b>		
Rental income	347	324
IT and educational services	9	8
Other	189	198
<b>Total</b>	<b>545</b>	<b>530</b>

## Note 3 Employees and personnel costs

Information regarding the Parent Company's employees and personnel costs is furnished in the Group's Note 8 "Employees, personnel costs and remunerations for senior officers."

## Note 4 Fees and cost reimbursement to auditors

SEK '000	2020	2019
<b>KPMG AB</b>		
Auditing assignment	-595	-595
Auditing activities other than the auditing assignment	—	—
Tax advice	-71	—
Other assignments	-104	-117

By "Auditing assignment" is meant statutory audit of the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the Managing Director, plus auditing and other examination as agreed-on or contracted. This includes other tasks that are incumbent upon the company's auditor to perform plus advice or other assistance arising from observations in connection with such auditing or performance of such other tasks. All else is classified as "Auditing activities other than the auditing assignment", "Tax advice" and "Other assignments".

## Note 5 Net financial items

	2020	2019
<b>Profit/loss from shares in Group companies</b>		
Loss from shares in Group companies	-62	-6
Dividend	76	133
Impairment losses	-15	-10
<b>Total</b>	<b>-1</b>	<b>117</b>
<b>Other interest income and similar line items</b>		
Interest income from Group companies	52	54
Other exchange gains	—	10
<b>Total</b>	<b>52</b>	<b>64</b>
<b>Interest expenses and similar line items</b>		
Interest expenses from Group companies	0	0
Interest expenses, other	-41	-36
Loss currency swaps	-1	-7
Other exchange losses	-4	0
<b>Total</b>	<b>-46</b>	<b>-43</b>

## Note 6 Appropriations

	2020	2019
<i>Difference between recognised depreciation/amortisation and depreciation/amortisation according to plan:</i>		
Intellectual property	0	0
Building equipment	0	0
Equipment, tools, fixtures and fittings	-5	-8
<i>Tax allocation reserves:</i>		
Reversal of tax allocation reserve, allocated financial year 2013	—	83
Provision to tax allocation reserve, allocated financial year 2019	—	-211
Reversal of tax allocation reserve, allocated financial year 2014	105	—
Provision to tax allocation reserve, allocated financial year 2020	-253	—
<i>Group contributions:</i>		
Group contributions received	1,019	872
Group contributions paid	-8	-13
<b>Total</b>	<b>858</b>	<b>723</b>

## Note 7 Taxes

### Recognised in the Income Statement

	2020	2019
<b>Current tax expense (-)/tax income (+)</b>		
Tax expense/income for the year	-162	-135
Adjustment of tax attributable to previous years	-1	—
<b>Total current tax</b>	<b>-163</b>	<b>-135</b>
<b>Deferred tax expense (-)/tax income (+)</b>		
Deferred tax pertaining to temporary differences	3	4
Deferred tax pertaining to changed tax rates	-1	—
<b>Total deferred tax</b>	<b>2</b>	<b>4</b>
<b>Total tax expense recognised</b>	<b>-161</b>	<b>-131</b>

	2020		2019	
	Amount	%	Amount	%
<b>Reconciliation of effective tax</b>				
Profit before tax	787		777	
Tax according to tax rate applicable to Parent Company	-168	21.4	-166	21.4
Tax attributable to previous years	-1	0.1	—	—
Tax effect attributable to impairment of Group companies	-3	0.4	-2	0.3
Tax effect of non-deductible expenses	-11	1.4	-1	0.1
Tax effect of non-taxable revenues	21	-2.7	29	-3.7
Tax effect of changed tax rate	-1	0.1	—	—
Standard interest on tax allocation reserve	-1	0.1	-1	0.1
Direct deduction, buildings	3	-0.4	10	-1.3
<b>Effective tax recognised</b>	<b>-161</b>	<b>20.4</b>	<b>-131</b>	<b>16.9</b>

### Recognised in the Balance Sheet

Deferred tax assets and liabilities	Deferred tax asset		Deferred tax liability		Net	
	2020	2019	2020	2019	2020	2019
<b>Deferred tax assets and liabilities recognised</b>						
<i>Deferred tax assets and liabilities are attributable to the following:</i>						
Building	0	0	15	14	-15	-14
Pension provisions	56	58	—	—	56	58
Restructuring costs	5	—	—	—	5	—
<b>Tax assets/liabilities</b>	<b>61</b>	<b>58</b>	<b>15</b>	<b>14</b>	<b>46</b>	<b>44</b>

The change in the Parent Company between the years has been recognised as deferred tax expense/income in the Income Statement.

## Note 8 Intangible assets

	Software, internally developed		Software, acquired		Total intellectual property	
	2020	2019	2020	2019	2020	2019
<b>Accumulated costs</b>						
At start of year	5	5	27	27	32	32
Purchases	—	—	—	—	—	—
Retirements	—	—	-10	—	-10	—
Reclassifications	—	—	—	—	—	—
	<b>5</b>	<b>5</b>	<b>17</b>	<b>27</b>	<b>22</b>	<b>32</b>
<b>Accumulated amortisation</b>						
At start of year	-4	-4	-27	-27	-31	-31
Retirements	—	—	10	—	10	—
Reclassifications	—	—	—	—	—	—
Amortisation for the year	0	0	0	0	0	0
	<b>-4</b>	<b>-4</b>	<b>-17</b>	<b>-27</b>	<b>-21</b>	<b>-31</b>
<b>Accumulated impairment losses</b>						
At start of year	-1	-1	0	0	-1	-1
	<b>-1</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-1</b>
<b>Carrying amount at year-end</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Amortisation and impairment losses

Amortisation is included on the following lines in the Income Statement:

	Software, internally developed		Software, acquired		Total intellectual property	
	2020	2019	2020	2019	2020	2019
Administrative expenses	0	0	0	0	0	0

No impairment losses have been recognised.

## Note 9 Property, plant and equipment

	Buildings		Construction in progress		Equipment, tools, fixtures and fittings	
	2020	2019	2020	2019	2020	2019
<b>Accumulated costs</b>						
At start of year	208	103	36	82	9	6
Purchases	35	105	3	—	1	3
Disposals and retirements	-1	0	—	-46	-2	—
	<b>242</b>	<b>208</b>	<b>39</b>	<b>36</b>	<b>8</b>	<b>9</b>
<b>Accumulated depreciation according to plan</b>						
At start of year	-45	-27	—	—	-4	-3
Disposals and retirements	1	0	—	—	1	—
Depreciation for the year	-23	-18	—	—	-1	-1
	<b>-67</b>	<b>-45</b>	<b>—</b>	<b>—</b>	<b>-4</b>	<b>-4</b>
<b>Carrying amount at year-end</b>	<b>175</b>	<b>163</b>	<b>39</b>	<b>36</b>	<b>4</b>	<b>5</b>

### Depreciation and impairment losses

Depreciation is included on the following lines in the Income Statement:

	Buildings		Construction in progress		Equipment, tools, fixtures and fittings	
	2020	2019	2020	2019	2020	2019
Administrative expenses	-23	-18	—	—	-1	-1

No impairment losses have been recognised.

### Property, plant and equipment under construction

Conversion projects, primarily in Stockholm, Västerås and Enköping in Sweden.

## Note 10 Shares in Group companies

	2020	2019
<b>Accumulated costs</b>		
At start of year	3,292	3,282
Acquisitions	218	—
Shareholders' contribution	—	10
Disposals	-3	—
	<b>3,507</b>	<b>3,292</b>
<b>Accumulated impairment losses</b>		
At start of year	-2,354	-2,344
Impairment loss for the year	-15	-10
	<b>-2,369</b>	<b>-2,354</b>
<b>Accumulated revaluation gains</b>		
At start of year	390	390
	<b>390</b>	<b>390</b>
<b>Carrying amount at year-end</b>	<b>1,528</b>	<b>1,328</b>

### Specification of Bilia AB's and the Group's holdings of shares in Group companies

Subsidiaries	Country	Corporate ID no.	Domicile	Number of shares	Stake in %	Carrying amount	
						2020	2019
Bilia Personbilar AB	Sweden	556063-1086	Gothenburg	1,000,000	100.0	310	310
.EBD Scandinavia AB	Sweden	559003-6207	Stockholm				
Bilia Holding S.à r.l.	Luxembourg	B204406	Luxembourg	30,211	66.2	244	244
.Bilia Emond Luxembourg	Luxembourg	B204743	Luxembourg				
.S.A. Bilia Emond Belgium	Belgium	0412 804 284	Arlon				
Bilia Personbil AS	Norway	976 023 188	Oslo	150,000	100.0	197	197
.Toyota Bilias AS	Norway	980 648 915	Trondheim				
.Jensen & Scheele Bil AS	Norway	960 968 727	Halden				
Bilia Center Metro AB	Sweden	556656-0925	Gothenburg	10,000	100.0	184	184
Autohaus Bilia GmbH & Co. KG	Germany	HRA 3167	Nidda	1	100.0	88	92
.Autohaus Bilia Verwaltungs GmbH	Germany	HRB 6551	Nidda				
ECRIS AB	Sweden	556484-6334	Gothenburg	11,000	100.0	85	—
Bilia Center AB	Sweden	556083-0084	Gothenburg	500	100.0	85	85
Riddersbergs Fastighets AB	Sweden	556902-1479	Gothenburg	500	100.0	79	—
Fastighetsbolaget Ellipsvägen 4 AB	Sweden	556052-1956	Huddinge	1,000	100.0	61	61
Jönköpings Bildemontering AB	Sweden	556144-3614	Gothenburg	2,000	100.0	54	—
Allbildelar Försäljning i Huddinge AB	Sweden	556355-3378	Gothenburg	3,000	100.0	40	51
Fastighetsbolaget Brunnsvägen 35 AB	Sweden	556035-5322	Södertälje	2,400	100.0	35	35
Motorit AB	Sweden	556054-6573	Gothenburg	160,000	100.0	19	19
Fastighetsbolaget Eskilstuna Navaren 7 AB	Sweden	556457-6949	Eskilstuna	4,000	100.0	17	17
Allbildelar i Huddinge AB	Sweden	556164-2710	Huddinge	1,300	100.0	12	12
Bastborren Fastighets AB	Sweden	556229-8447	Västerås	1,000	100.0	9	9
Dalskogen fastighets AB i Lysekil	Sweden	556972-6788	Uddevalla	50,000	100.0	4	4
Fastighets AB Strängnäs Graniten 4	Sweden	559040-7846	Strängnäs	1,000	100.0	2	2
Bilia Group AB	Sweden	556046-5659	Gothenburg	10,000	100.0	2	2
Bilia Holding Flanders NV	Belgium	0700 639 017	Lochristi	2,460	100.0	1	1
.Bilia Verstraeten NV	Belgium	0448 629 354	Lochristi				
.Gent Store by Bilia Verstraeten BVBA	Belgium	0806 943 493	Gent				
Bilia Outlet AB	Sweden	556059-0803	Gothenburg	1,000	100.0	0	0
Fastighetsbolaget Uppställningen AB	Sweden	559220-3144	Stockholm	500	100.0	0	—
Sevonias AB	Sweden	556069-8531	Gothenburg	—	—	—	3
Bilia Incentive AB	Sweden	556213-5664	Gothenburg	—	—	—	0
<b>Carrying amount</b>						<b>1,528</b>	<b>1,328</b>



## Note 11 Other securities held as non-current assets

	2020	2019
<b>Accumulated costs</b>		
At start of year	8	8
	<b>8</b>	<b>8</b>
<b>Accumulated impairment losses</b>		
At start of year	-7	-7
	<b>-7</b>	<b>-7</b>
<b>Carrying amount at year-end</b>	<b>1</b>	<b>1</b>

## Note 12 Equity

### Share capital and premium

Thousands of shares	Ordinary shares	
	2020	2019
Issued on 1 January	102,800	102,800
<b>Issued on 31 December</b>	<b>102,800</b>	<b>102,800</b>

As of 31 December 2020, the registered share capital comprised 102,799,952 ordinary shares (102,799,952).

Holders of ordinary shares are entitled to a dividend that is established from year to year, and their shareholding entitles them to exercise one vote per share at the AGM. All shares have the same right to Bilia's remaining net assets.

### Proposed treatment of unappropriated earnings

The Board of Directors proposes that the earnings available for distribution, SEK 1,571 M, be disposed of as follows:

Cash dividend, SEK 6.00 per share <sup>1)</sup>	593
To be carried forward	978
<b>Total</b>	<b>1,571</b>

<sup>1)</sup> Based on the number of shares outstanding at 31 December 2020, 98,913,742 (excluding holdings of own shares 3,886,210).

The Board of Directors' dividend proposal will be subject to adoption at the Annual General Meeting on 27 April 2021.

### Restricted reserves

Restricted reserves may not be diminished by distribution of profits.

#### Statutory reserve

The purpose of the statutory reserve is to save some of the net profit for the year that is not used to cover loss brought forward.

## Non-restricted equity

### Retained earnings

Retained earnings consists of last year's non-restricted equity after distribution of profits (if any). Retained earnings and net profit for the year together comprise non-restricted equity, which is the amount that is available for distribution to the shareholders.

### Share premium reserve

When shares are issued at a premium, i.e. when the price paid for the shares is more than their quotient value, an amount corresponding to the amount obtained in excess of the shares' quotient value shall be transferred to the share premium reserve.

### Stock split

Existing shares are divided and adjusted retroactively for the years reported.

## Note 13 Untaxed reserves

	2020	2019
Tax allocation reserve, allocated financial year 2014	—	105
Tax allocation reserve, allocated financial year 2015	98	98
Tax allocation reserve, allocated financial year 2016	115	115
Tax allocation reserve, allocated financial year 2017	134	134
Tax allocation reserve, allocated financial year 2018	170	170
Tax allocation reserve, allocated financial year 2019	211	211
Tax allocation reserve, allocated financial year 2020	253	—
Accumulated depreciation in excess of plan	35	30
<b>Total untaxed reserves</b>	<b>1,016</b>	<b>863</b>

## Note 14 Liabilities to credit institutions

	2020	2019
<b>Current liabilities</b>		
Granted credit	1,500	1,500
Unutilised credit	1,500	1,500
<b>Utilised credit</b>	<b>0</b>	<b>0</b>

## Note 15 Pensions

### Net pension obligations

	2020	2019
<b>Costs for pensions</b>		
<i>Pensions through insurance</i>		
Insurance premiums	20	18
<b>Subtotal</b>	<b>20</b>	<b>18</b>
Special payroll tax on pension costs	5	17
<b>Pension cost for the year</b>	<b>25</b>	<b>35</b>
<b>Recognised net cost attributable to pensions</b>	<b>25</b>	<b>35</b>

Of the recognised net cost, SEK 25 M (35) is in the operation and SEK 0 M (0) in net financial items.

### Defined-contribution plans

The Parent Company has defined-contribution pension plans that are paid for entirely by the company. Payments are made to these plans on a regular basis in accordance with the rules in each plan.

	2020	2019
Costs for the year for defined-contribution plans <sup>1)</sup>	25	35

<sup>1)</sup> Of which SEK 10 M (10) pertaining to ITP plan funded in Alecta.

The Parent Company estimates that SEK 29 M will be paid in 2021 to the defined-contribution plans, of which Alecta SEK 14 M.

The Parent Company's share of the total savings premiums for ITP 2 in Alecta amounts to 0.01288 per cent (0.02296), and the Parent Company's share of the total number of active members in the plan amounts to 0.02461 per cent (0.02437).

For further information on pensions, share-based payments and benefits to senior officers, see the Group's Note 8 "Employees, personnel costs and remunerations for senior officers" and Note 23 "Pensions".

## Note 16 Other liabilities

	2020	2019
<b>Non-current liabilities, interest-bearing</b>		
Bond issue	1,292	1,289
Personnel fund	5	5
<b>Total</b>	<b>1,297</b>	<b>1,294</b>
<b>Current liabilities, interest-bearing</b>		
Bond issue	130	—
<b>Total</b>	<b>130</b>	<b>—</b>
<b>Current liabilities, non-interest-bearing</b>		
Tax deducted at source	3	3
Other	15	8
<b>Total</b>	<b>18</b>	<b>11</b>
<b>Liabilities that fall due for payment more than five years after the balance sheet date</b>		
Personnel fund	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

## Note 17 Accrued expenses and deferred income

	2020	2019
Accrued wages and salaries	34	29
Accrued social security contributions	73	71
Accrued interest	6	3
Other accrued expenses	40	25
<b>Total</b>	<b>153</b>	<b>128</b>

## Note 18 Financial instruments

Fair value and carrying amount for financial instruments and categorisation are presented below:

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Assets measured to fair value through the Income Statement</i>				
Currency swaps	9	9	5	5
<i>Interest-bearing assets measured to amortised cost</i>				
Trade receivables	3	3	1	1
Cash and cash equivalents	1,833	1,833	55	55
<i>Debts measured to fair value through the Income Statement</i>				
Currency swaps	0	0	8	8
<i>Debts measured to amortised cost</i>				
Personnel fund	5	5	5	5
Trade payables	84	84	88	88
Bond issue	1,292	1,292	1,289	1,289
Bond issue, current liability	130	130	—	—

The table below furnish information on how fair value has been determined for the financial instruments that are measured at fair value in the Statement of Financial Position. Fair value is determined on the basis of the following three levels:

Level 1: according to prices on an active market for the same instrument.

Level 2: based on directly or indirectly observable market data not included in level 1.

Level 3: based on inputs that are not observable on the market.

### Fair Value Measurement

For a summary of the most important methods and assumptions that have been used to establish fair value, see Group Note 27 "Financial instruments".

Level 2	2020	2019
Financial assets measured at fair value through profit or loss/Currency swaps	9	5
Financial liabilities measured at fair value through profit or loss/Currency swaps	0	8

## Note 19 Financial risks and risk management

### Bilia AB

#### Shares in subsidiaries

The Parent Company's shareholdings in the non-Swedish subsidiaries entail a currency exposure for Bilia. At present, Bilia AB does not hedge its shareholdings in foreign currencies.

For further information see Group Note 28 "Financial risks and risk management".

#### Maturity structure – Financial liabilities

The following table shows the maturity structure of the financial liabilities on the balance sheet date, undiscounted cash flows.

Lender	Cur-rency	2020			2019			
		Total amount	<1 yr	1–5 yrs	>5 yrs	Total amount	<1 yr	1–5 yrs
Bank overdraft facilities	SEK	—	—	—	—	—	—	—
Bond issue	SEK	1,504	150	1,354	—	1,367	25	1,342
Personnel fund	SEK	5	—	—	5	5	0	0
Trade payables	SEK	84	84	—	—	88	88	—
<b>Total</b>		<b>1,593</b>	<b>234</b>	<b>1,354</b>	<b>5</b>	<b>1,460</b>	<b>113</b>	<b>1,342</b>

## Note 20 Operating leases

### Leases for premises and office equipment

The Parent Company's leases mainly pertain to premises that have been sublet to the Swedish subsidiaries and office equipment. At year-end 2020, the property leases covered about 316,000 square metres (312,000).

In some cases, lease payments are fixed for periods of three months based on STIBOR or CIBOR. In other cases, lease pay-

ments are linked to a portion of the consumer price index or similar index. Leases can be extended in most cases. In order to gather the Group's property leases, Bilia AB has reached an agreement to take over the property leases for the Swedish companies. Starting in 2012, Bilia AB is the lessee on most of the Swedish property leases and sublets the premises to the subsidiaries.

### Leases – Lessee

Non-cancellable lease payments amount to:

	2020	2019
Minimum lease payments for the year	-325	-309
<b>Total lease costs for the year</b>	<b>-325</b>	<b>-309</b>
<b>Future lease payments</b>		
Within one year	-294	-299
Between one and five years	-882	-837
Later than five years	-986	-952
<b>Total</b>	<b>-2,162</b>	<b>-2,088</b>

### Leases – lessor

Assets that are leased out under operating leases are recognised as property, plant and equipment. These assets consist

of leasehold improvements. The past year's and future non-cancellable lease payments are as follows:

	2020	2019
Lease payments for the year	348	326
<b>Total lease payments for the year</b>	<b>348</b>	<b>326</b>

The contractual annual rent is SEK 348 M and the leases expire between 2022 and 2033.

## Note 21 Capital commitments

During 2020 the Parent Company concluded agreements to invest SEK 16 M (65) in non-current assets for delivery in 2021.

## Note 22 Pledged assets and contingent liabilities

Pledged assets	2020	2019
<b>For own liabilities and provisions</b>		
<i>Pledged assets</i>		
– Endowment policies	216	221
– Promissory note loan	447	447
<b>Total pledged assets</b>	<b>663</b>	<b>668</b>
<b>Contingent liabilities</b>	<b>2020</b>	<b>2019</b>
Rent guarantees <sup>1)</sup>	85	71
Guarantee for the benefit of subsidiaries	1,362	1,338
<b>Total contingent liabilities</b>	<b>1,447</b>	<b>1,409</b>

<sup>1)</sup> The amount pertains to rent guarantees of SEK 85 M (71) pledged for Bilia AB's subsidiaries in Norway and Sweden. The stipulated amount is the annual rent for leases of varying length. The leases expire between 2022 and 2033.

## Note 23 Related parties

Bilia AB has a related party relationship with its subsidiaries, see Note 10 "Shares in Group companies".

Key management personnel consist of Board members, the Managing Director and other senior officers. Disclosures regarding wages, salaries and other remuneration to key management personnel are presented in the Group's Note 8 "Employees, personnel costs and remunerations for senior officers". Other transactions are reported in the table below.

Board members Mats Qviberg and Anna Engebretsen and their close family members control, directly and indirectly via Investment AB Öresund, approximately 27 per cent (26) of the votes in the company. Board member Nicklas Paulson is MD of Investment Ab Öresund. Board members Jan Pettersson and Gunnar Blomkvist hold an accrued pension that is reported as a pension obligation to former senior officers in the Group's Note 8 "Employees, personnel costs and remunerations for senior officers".

### Related party transactions

Related party relationship	Year	Sales of goods and services to related party	Purchases of goods and services from related party	Commissions/ interest/ dividend	Claim on related party at 31 December	Debt to related party at 31 December
Subsidiaries	2020	538	19	128	1,429	555
Subsidiaries	2019	552	20	187	2,130	70
Contingent liabilities for subsidiaries	2020	1,447				
Contingent liabilities for subsidiaries	2019	1,409				

Transactions with key management personnel are priced on market terms.

## Note 24 Cash Flow Statement

<b>Dividends received and Group contributions</b>	2020	2019
Group contribution received	859	678
<b>Total</b>	<b>859</b>	<b>678</b>
<b>Adjustment for non-cash items</b>	2020	2019
Depreciation/amortisation	24	19
Impairment losses	15	10
Other line items not affecting liquidity	-3	4
<b>Total</b>	<b>36</b>	<b>33</b>
<b>Unutilised credit facilities</b>	2020	2019
Granted credit	1,500	1,500
Utilised credit	0	0
<b>Unutilised credit</b>	<b>1,500</b>	<b>1,500</b>

## Note 25 Events after the balance sheet date

The financial statements were approved for publication by the Parent Company's Board of Directors on 9 March 2021.

On 26 February 2021 Bilia concluded an agreement to acquire an authorised Porsche dealer, Ferdinand Holding AB, including associated operations and two real estate companies. The company conducts sales and service operations for Porsche

cars at two facilities in southern Sweden. The agreement is subject to approval by the Swedish competition authority. The operation's capital employed and agreed surplus values amount to about SEK 320 M. The takeover of the two real estate companies is made at a value of about SEK 130 M. Bilia is expecting to take over the operations on 3 May 2021.

# Signatures

The Board of Directors and the Managing Director ensure that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated accounts give a true and fair view of the Parent Company's and the Group's financial position and results of operations.

The Directors' Report for the Parent Company and the Group provides a true and fair summary of the development of the Parent Company's and the Group's activities, financial position and results of operations while describing significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Gothenburg, 9 March 2021

Mats Qviberg  
*Chairman*

Jan Pettersson  
*Deputy Chairman*

Ingrid Jonasson Blank  
*Board member*

Gunnar Blomkvist  
*Board member*

Anna Engebretsen  
*Board member*

Eva Eriksson  
*Board member*

Mats Holgerson  
*Board member*

Nicklas Paulson  
*Board member*

Jon Risfelt  
*Board member*

Dragan Mitrasinovic  
*Board member appointed  
by employee organisation*

Patrik Nordvall  
*Board member appointed  
by employee organisation*

Per Avander  
*Managing Director*

Our Audit Report was submitted on 10 March 2021  
KPMG AB

Johan Kratz  
*Authorised Public Accountant*

As is evident above, the annual accounts and consolidated accounts were approved for publication by the Board of Directors and the Managing Director on 9 March 2020. The Consolidated Statement of Income and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Parent Company Income Statement and the Parent Company Balance Sheet will be subject to adoption at the Annual General Meeting on 27 April 2021.

# Auditor's Report

To the annual meeting of the shareholders of Bilia AB (publ), Corp. ID no. 556112-5690

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Bilia AB (publ) for the year 2020, except for the Corporate Governance Statement on pages 34–38 and the Sustainability Report on pages 28–33. The annual accounts and consolidated accounts of the Company are included on pages 14–27 and 45–108 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 the Parent Company as of 31 December 2020 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 2020 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 34–38 and Sustainability Report on pages 28–33. 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 Statement of Comprehensive Income and Statement of Financial Position for 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 for 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.

### 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.

### Revenues from goods and services.

See Note 2 in the consolidated accounts, page 56 for detailed information and description of the matter.

### Description of key audit matter

The Group revenues for 2020 amounts to SEK 30,168 M. Total revenue from customers consist of delivering goods and services. In both cases revenue is recognised when control is transferred to the customer.

Lease income is recognised in accordance with contract terms. Revenue recognitions include a substantial amount of assumptions and professional judgments performed by management.

### Response in the audit

We have examined pertinent contract terms in order to assess the Group's identification of goods and services and the methodology for allocation of revenue to different goods and services based on their relative fair values. We have tested controls regarding allocation and accrual of revenues.

We have also assessed the timing of recognition of revenues from goods and services by considering when they have been delivered or are expected to be delivered as well as contractual conditions for the transaction, both by testing samples and the precision of this methodology based on historic outcome.

### Valuation of inventory

See Note 20 in the consolidated accounts, page 79 for detailed information and description of the matter.

### Description of key audit matter

The value of Group's inventory amounts to SEK 3,743 M and 23 per cent of the Group's total assets, whereby we consider it a significant balance sheet item. The net fair value of the vehicle stock depends on numerous variables such as economic cycle, interest rate levels, current and upcoming model programs, regulatory requirements and time in stock. The difference between the purchase price and the net fair value can affect the Group's earnings.

### Response in the audit

We have assessed and tested the Group's controls and procedures for valuation of inventory. We have conducted our own analyses of the vehicles' time in stock and when necessary evaluated this against external transactions and prevailing market conditions.

### 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 28–44 and 112–116. The Board of Directors and the Managing Director are responsible for this 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 conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the informa-

Auditor's Report cont'd.

tion 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 Director's 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the Company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

#### **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 Bilja AB (publ) for the year 2020 and the proposed appropriations of the Company's profit or loss.

We recommend to the General Meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.



### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation 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 organisation 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus

the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 34–38 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 opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 28–33, and that it is prepared in accordance with the Annual Accounts Act.

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 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 opinion.

A statutory sustainability report has been prepared.

KPMG AB, P.O. Box 11908, SE-40439 Göteborg, Sweden, was appointed auditor of Bilja AB (publ) by the Annual General Meeting of the shareholders on the 22nd of June 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2000.

Gothenburg, 10 March 2021  
KPMG AB

Johan Kratz  
Authorised Public Accountant

# Five-year Review

SEK M, unless otherwise stated.	2016	2017	2018	2019	2020
<b>Consolidated Statement of Income and Other Comprehensive Income</b>					
Net turnover	23,906	27,492	28,382	29,508	30,168
Operational earnings	887	1,006	1,034	1,239	1,593
Operating profit	841	923	943	1,125	1,364
Net financial items	-8	-27	-21	-111	-104
Profit before tax	833	896	922	1,014	1,260
Tax	-176	-205	-188	-207	-276
Profit for the year from continuing operations	657	691	734	807	984
Loss from discontinued operation, net after tax	-21	—	—	—	—
Net profit for the year	636	691	734	807	984
<b>Statement of Financial Position</b>					
Equity	2,511	2,620	2,915	3,186 <sup>1)</sup>	3,968
Balance sheet total	10,132	10,958	12,071	16,081 <sup>2)</sup>	16,416
Capital employed	3,771	4,511	5,272	8,349 <sup>3)</sup>	8,833
Net debt	775	1,282	1,603	4,493 <sup>4)</sup>	2,333
Ratio of net debt to EBITDA, excl. IFRS 16, times	0.7	1.0	1.3	1.3 <sup>5)</sup>	-0.2
<b>Statement of Cash Flows</b>					
Cash flow from operating activities	1,654	1,293	1,127	1,437	3,155
Investments and disposals in non-current assets, including leased assets	1,190	938	585	582	283
Operating cash flow	464	355	542	855	2,872
<b>Key ratios</b>					
Return on capital employed, %	26.4	23.4	20.5	15.8 <sup>6)</sup>	16.7
Return on equity, %	27.9	27.0	26.5	26.5	27.5
Operational margin, %	3.7	3.7	3.6	4.2 <sup>7)</sup>	5.3
Operating margin, %	3.5	3.4	3.3	3.8	4.5
Equity/assets ratio, %	24.8	23.9	24.1	19.8 <sup>8)</sup>	24.2
<b>Per share data</b>					
Earnings per share, SEK	6.20	6.75	7.25	8.00	9.85
Equity per share, SEK	24.40	25.95	28.85	31.80	40.05
Operating cash flow per share, SEK	4.55	3.45	5.35	8.50	28.70
Dividend per share, SEK	4.00	4.50	4.75	—	6.00 <sup>9)</sup>
Share price at year-end, SEK	104.75	80.00	82.85	106.30	101.40
P/E ratio, times	17	12	11	13	10
<b>Other information</b>					
Wages, salaries and other remunerations	1,841	2,159	2,230	2,374	2,276
Employees, average number	3,804	4,090	4,221	4,298	4,097

<sup>1)</sup> Equity decreased by SEK 31 M attributable to the introduction of IFRS 16.

<sup>2)</sup> Balance sheet total increased by SEK 2,597 M attributable to the introduction of IFRS 16.

<sup>3)</sup> Capital employed increased by SEK 2,589 M attributable to the introduction of IFRS 16.

<sup>4)</sup> Net debt increased by SEK 2,620 M attributable to the introduction of IFRS 16.

<sup>5)</sup> The ratio of net debt to EBITDA increased by 1.0 times attributable to the introduction of IFRS 16 to 2.3 times.

<sup>6)</sup> Return on capital employed, excluding IFRS 16 amounted to 20.8 per cent.

<sup>7)</sup> Operational margin increased by 0.2 percentage points attributable to the introduction of IFRS 16.

<sup>8)</sup> Equity/assets ratio, excluding IFRS 16, amounted to 23.8 per cent.

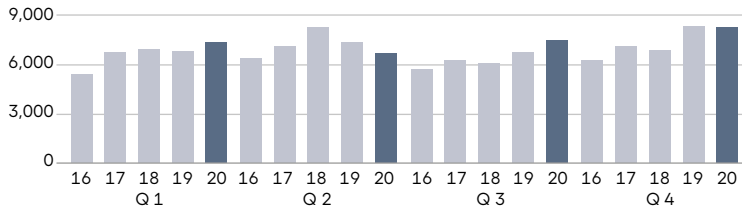
<sup>9)</sup> Proposed dividend.

For information on calculations of the number of shares, see "Data per share" under the section headed "The Bilja share".

For the section "Per share data", all years have been recalculated after the 2:1 stock split.

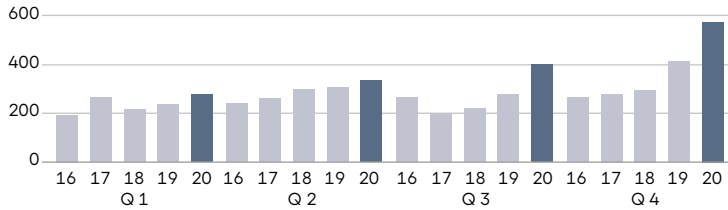
2019 has been recalculated regarding the classification of IFRS 16 transactions regarding operating cash flow.

**Net turnover, SEK M**



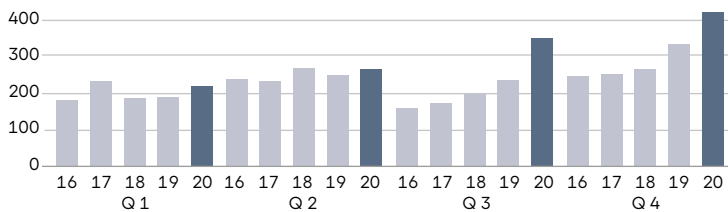
Net turnover increased by 2 per cent (4) in 2020 compared to last year. The average increase over the past five years amounted to 8 per cent. The Group's target is 5–10 per cent over a business cycle. Net turnover increased by 4 per cent (3) in the Car Business. Net turnover decreased by 1 per cent (+9) in the Service Business and by 18 per cent (+3) in the Fuel Business. Excluding acquisitions and currency effects, net turnover increased by 3 per cent on last year.

**Operational earnings, SEK M**



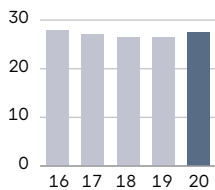
Operational earnings in 2020 amounted to SEK 1,593 M (1,239), an increase of 29 per cent (20). Earnings for the first half-year increased by 13 per cent (5), while earnings in the second half-year increased by 41 per cent (34). All quarters reported the best earnings for that quarter over the past five years. The fourth quarter had the strongest quarter ever with earnings of SEK 577 M (415), which equates to 36 per cent (33) of operational earnings for the year.

**Profit before tax, SEK M**



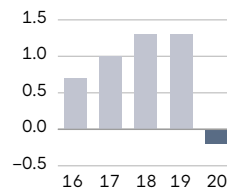
Profit before tax in 2020 increased by 24 per cent and amounted to SEK 1,260 M (1,014). All quarters increased on last year. Quarter 1 and 2 increased by 14 and 6 per cent respectively while quarter 3 and 4 increased by 49 and 26 per cent respectively. The increase for the third quarter was the highest in per cent during the past 5 years.

**Return on equity, %**



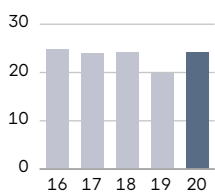
Return on equity increased slightly on last year and amounted to 27.5 per cent (26.5). Over the past five years, return on equity has been 27.1 per cent (28.2) on average. The target for return on equity is at least 18.0 per cent.

**Net debt/EBITDA excl. IFRS 16, times**



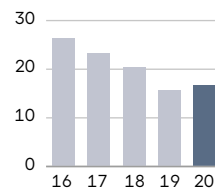
The ratio of net debt to EBITDA, excluding IFRS 16, was –0.2 times (1.3), since the net debt by the end of the year was positive and amounted to SEK –278 M. Over the past five years, the ratio of net debt to EBITDA has been 0.8 times (0.9) on average. The target for this ratio is to not exceed 2.0 times in the long term.

**Equity/assets ratio, %**



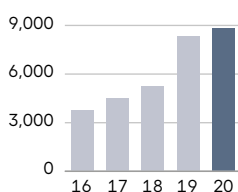
The equity/assets ratio increased during 2020 and amounted to 24.2 per cent (19.8). Over the past five years, the equity/assets ratio has been 23.4 per cent (24.1) on average.

**Return on capital employed, %**



Return on capital employed increased by 0.9 percentage points and amounted to 16.7 per cent (15.8). Over the past five years, return on capital employed has been 20.6 per cent (24.5) on average.

**Capital employed, SEK M**



Capital employed increased by SEK 484 M (3,077) and amounted to SEK 8,333 M (8,349). The introduction of IFRS 16 during 2019 was the main reason to the increase during last year.

# Definitions and Performance Measures

**Acquisition-related costs and value adjustments** Pertains to costs for legal consultants and other external costs associated directly with an acquisition, as well as value adjustments regarding acquired inventory assets, which are depreciated during the asset's turnover time.

**Adjusted turnover** Net turnover is adjusted for operations that have been acquired or disposed of during the year. Adjustment is also made for exchange rate differences and for calendar effect.

**Amortisation of surplus values** Occurs in connection with acquisitions of operations and is recognised under intangible assets. Normally these surplus values are amortised over a 10-year period.

**Average number of employees** Paid hours worked in relation to normal annual working hours worked in each country.

**Capital employed** Balance sheet total less non-interest-bearing current liabilities and provisions as well as deferred tax liability.

**Comparable operations** Financial information and quantities that are adjusted for operations that have been acquired or disposed of during the year.

**Deliveries** Cars that have been physically turned over to the customer and invoiced and are included in reported net turnover.

**Dividend yield** Dividend in relation to the average share price during the year.

**EBITDA** Operational earnings plus total depreciation/amortisation less amortisation of surplus values and depreciation of leased vehicles with repurchase agreements.

**EBITDAJ** EBITDA, excluding IFRS 16, reduced by acquisition-related costs and value adjustments.

**EBITDAJ/net financial items** EBITDAJ in relation to the net of financial income plus dividends received from associated companies and financial expenses.

**Equity/assets ratio** Equity in relation to balance sheet total.

**Excluding IFRS 16** Information excluding the accounting standard IFRS 16 Leases.

**Gain from sale of operation** Difference between purchase consideration and the operation's consolidated carrying amount, less selling costs.

**Growth** Increase or decrease of net turnover in relation to the preceding year.

**Growth in local currency** Growth excluding exchange rate fluctuations.

**Liquidity** Unutilised credit with the banks, Nordea and DNB, plus cash and cash equivalents.

**Net debt** Net debt consists of interest-bearing liabilities less cash and cash equivalents, interest-bearing current and long-term receivables, interests in associated companies and leased vehicles, long-term.

Performance measures that include interest-bearing liabilities are calculated excluding the effect of transaction costs and premium calculated according to the effective interest method.

**Operating cash flow** Cash flow from operating activities plus investments in and disposals of intangible assets and property, plant and equipment.

**Operating margin** Operating profit in relation to net turnover.

**Operational earnings** Operating profit, excluding revenues and costs that affect comparability between accounting periods and/or operating segments. They include, but are not limited to, acquisition-related expenses, value adjustments, restructurings and amortisation of surplus values.

**Operational margin** Operational earnings in relation to net turnover.

**Order backlog** New cars ordered by the customer but not yet delivered.

**Payout ratio** Dividend in relation to profit for the year.

**Price/Earnings ratio** Share price at year-end in relation to earnings per share.

**Price/equity ratio** Share price at year-end in relation to equity per share.

**Return on capital employed** Operating profit plus interest expense included in the business and financial income in relation to average capital employed (see definition above).

**Return on equity** Net profit for the year in relation to average equity.

**Structural costs** Costs that significantly alter the thrust and/or scope of the operation. Examples of structural costs may be costs for reducing the number of employees and costs for vacating a leased facility before expiration of the lease.

**Tax** The division of untaxed reserves into deferred tax liability and retained earnings has been done on the basis of a tax rate of 21.4 per cent.

**The ratio of net debt to EBITDA** Net debt in relation to EBITDA.

**Underlying values** Values that are adjusted for operations that have been acquired or disposed of during the year. Adjustment is made for exchange rate differences, where applicable.

**Value added** Operational earnings plus payroll expenses, including payroll overheads.

# Information on Annual General Meeting

## Annual General Meeting, 27 April 2021

The AGM of Bilia AB will be held on Tuesday 27 April 2021. Due to the ongoing pandemic, the Board has decided that the Annual General Meeting shall be conducted without the physical presence of shareholders, proxies and third parties and that the exercise of voting rights only can be done by postal voting prior to the meeting. The shareholders will however have the opportunity to ask questions in writing before the meeting. The questions and answers will be published on Bilia AB's website, [bilias.com](http://bilias.com), no later than five days before the meeting.

## Notification

Shareholders wishing to participate in the AGM must be registered in the share register on Monday 19 April 2021 and notify their intention to participate by casting their postal vote no later than Monday 26 April 2021 according to instructions under the heading "Postal voting" so that the postal vote is received by Bilia AB no later than that day.

## Postal voting

For postal voting, a special form must be used. The postal voting form will be available at Bilia AB's website [www.bilias.com](http://www.bilias.com).

The completed and signed form must be received by Bilia no later than 26 April 2021 and sent to Bilia AB, "Annual General Meeting 2021", c/o Computershare AB, Box 5267, 102 46 Stockholm or submitted by e-mail to [info@computershare.se](mailto:info@computershare.se). If the shareholder is a legal person, a registration certificate or other authorization document must be attached. The same applies if the shareholder votes in advance through a proxy. The form can also be signed electronically with BankID at [www.bilias.com](http://www.bilias.com) and then does not need to be sent separately to Bilia as above.

The shareholder may not provide the advance vote with special instructions or conditions. If this happens, the vote is invalid. Further instructions can be found in the postal voting form.

## Nominee-registered shares

Bilia's share register is kept by Euroclear Sweden AB. Only holdings registered in their owners' names are entered in this register.

Shareholders whose shares have been registered to a nominee must arrange for their shares to be temporarily re-registered in their own name in order to be able to participate in the AGM. These shareholders should ask the bank or stockbroker that holds their shares in trust (the nominee) to temporarily re-register them (voting right registration) in good time prior to 21 April 2021. Nominees usually charge a fee for this service.

## Proxies

If shareholders vote by post by proxy, a written power of attorney signed by the shareholder must be attached to the postal voting form. The period of validity of the power of attorney may not be stated to more than five years.

## Dividend

The Board of Directors proposes to the AGM that of the earnings available for distribution, SEK 6.00 per share (—) be paid in dividend to the shareholders, for a total of SEK 593 M (—).

## Board of Directors

The Nominating Committee has announced that they intend to propose nine ordinary board members without deputies and propose re-election of entire board consisting of the following members: Ingrid Jonasson Blank, Gunnar Blomkvist, Anna Engebretsen, Eva Eriksson, Mats Holgerson, Nicklas Paulson, Jan Pettersson, Mats Qviberg and Jon Risfeldt. The Nominating Committee's proposal is available at [bilias.com](http://bilias.com).

For complete information on the AGM, see the convening notice, which will be issued at the end of March 2021.

# Articles of Association

## Article 1 Name of the company

The name of the company is Bilia AB. The company is a public company (publ).

## Article 2 Registered office

The company's Board of Directors has its registered office in Gothenburg, Västra Götaland County.

## Article 3 Object of the company

The object of the company is – directly or via subsidiaries – to

- carry on trade and distribution activities with regard to means of transport
- carry on manufacture, trade and distribution in other product areas as well
- carry on sales of service and spare parts associated with the products
- manage real and movable estate, including shares
- carry on financing activities (except that the company shall not carry on such activities as are referred to in Banking Business Act, and that activities subject to the provisions of the Act on Credit Market Companies may only be carried on in subsidiaries), and
- carry on other activities consistent with the above types of business

## Article 4 Share capital

The company's share capital shall be no less than two hundred million kronor (SEK 200,000,000) and no more than eight hundred million kronor (SEK 800,000,000).

Shares may be issued in two series: series A and series B. If shares of more than one series are issued, each of the series may be issued to an amount equivalent to no more than ninety-nine hundredths of the total share capital. In voting at a General Meeting of Shareholders, series A shares confer one vote and series B shares one-tenth of a vote. Otherwise the shares are equal to each other.

In conjunction with a new issue of shares or an issue of warrants or convertibles for cash payment, the shareholders have a preferential right to subscribe for new shares in proportion to their stake in the company's share capital.

## Article 5 Number of shares

The number of shares shall be no less than ninety million (90,000,000) and no more than three hundred sixty million (360,000,000).

## Article 6 Board members

The Board of Directors shall consist of at least seven and at most ten members.

## Article 7 Auditors

The company shall have one or two auditors and at most an equal number of deputy auditors or one or two registered public accounting firms.

## Article 8 Location for General Meeting of Shareholders

The General Meeting of Shareholders shall be held at one of the following locations as determined by the Board of Directors: Stockholm, Solna, Gothenburg or Malmö.

## Article 9 Notice convening a General Meeting of Shareholders

Notice to attend a General Meeting shall be given by advertisement in Post- och Inrikes Tidningar (the official Swedish gazette) and on the company's website. At the same time as notice convening the meeting is given, the company shall advertise in Dagens Industri that such notice has been given.

## Article 10 Shareholders' right to attend a General Meeting of Shareholders

Shareholders can only participate in the proceedings at a General Meeting of Shareholders if the shareholder notifies the company by not later the date stipulated in the notice convening the meeting. The latter date may not be a Sunday or other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth weekday prior to the meeting.

## Article 11 Shareholder's assistant

An assistant may accompany the shareholder at the General Meeting if the shareholder has given notice to this effect in the manner stipulated in the preceding paragraph.

## Article 12 Presence of outsider at General Meeting of Shareholders

Someone who is not a shareholder in the company may be entitled, under terms determined by the Board of Directors, to attend or otherwise follow the proceedings at the General Meeting of Shareholders.

## Article 13 Annual General Meeting

The following matters shall be dealt with at the Annual General Meeting:

1. Election of Chairman of the meeting;
2. Preparation and approval of the voting list;
3. Approval of the agenda;
4. Election of one or two persons to verify the minutes;
5. Determination of whether the meeting has been duly convened;
6. Presentation of the annual report and the audit report as well as the consolidated accounts and the audit report on the consolidated accounts;
7. Resolutions concerning
  - a) adoption of the Income Statement and the Balance Sheet as well as the Consolidated Statement of Comprehensive Income and the Consolidated Statement of Financial Position,
  - b) appropriations of the company's profit or loss according to the adopted Balance Sheet,
  - c) discharge of the members of the Board of Directors and the Managing Director from liability;
8. Determination of the number of members of the Board of Directors as well as auditor and deputy auditor or public accounting firm (at meeting when auditor is elected);
9. Determination of fees to be paid to the Board of Directors and, where applicable, auditors;
10. Election of Board of Directors as well as auditor and deputy auditor or registered public accounting firm (at meeting when auditor is elected).

Other matters incumbent upon the General Meeting under the Companies Act or the Articles of Association.

## Article 14 Financial year

The company's financial year shall be the calendar year.

## Article 15 CSD clause

The company's shares shall be registered in a Central Securities Depository (CSD) register pursuant to the Financial Instruments Accounts Act (1998:1479).

Adopted at Annual General Meeting, 22 June 2020.



Bilia is one of Europe's largest car dealer with a leading position within service and sales of cars, transport vehicles and supplementary services as financing and insurance. Bilia has 137 facilities in Sweden, Norway, Germany, Luxembourg and Belgium and two internet based auction sites, one in Sweden and one in Norway.

Bilia's business concept is to offer servicing, car sales and related services that bring our customers lasting value and simplicity in car ownership – in short, a better experience for our customers.

**Bilia Nu +46771-400 000**  
**[bilia.com](http://bilia.com)**

