



bilid

ANNUAL REPORT 2021



Annual Report 2021

Year in brief 2

Net turnover amounted to SEK 35,509 M (30,168). Operating profit amounted to SEK 1,925 M (1,364). The margin was 5.4 per cent (4.5). The Reported growth in the Service Business was 12 per cent and was mainly attributable to newly acquired businesses.

Statement by the Managing Director 4

2021 was another record year and Bilia reported the highest result ever. This year's acquisition of six companies strengthens Bilia's future operations and was part of our effort to adapt, innovate and challenge ourselves by constantly developing and finding new opportunities.

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.

Business strategy 8

Bilia is a full-service supplier, with a wide range of services, a One Stop Shop offering assistance with everything related to the car ownership during the car's entire life cycle.

Growth strategy 10

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

The value creation model 12

Our resources, vision and circular business model create lasting value for our customers and stakeholders.

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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
- Car rental

Fuel

- Fuel sales
- Car washes

► KEY FIGURES 2021

MARKET CAPITALISATION

SEK **16.5** Bn

EMPLOYEES

5,331

DELIVERED CARS, NEW & USED

99,590

TOTAL TURNOVER

SEK **35.5** Bn

REPORTED GROWTH IN
THE SERVICE BUSINESS

12 %

TURNOVER OUTSIDE OF SWEDEN

42 %

► TWELVE CAR BRANDS

VOLVO



DACIA



Bilia 2021

TOTAL NUMBER
OF FACILITIES

155

FACILITIES AND TURNOVER

	Number of facilities	Share of turnover
Sweden	111	58 %
Norway	34	32 %
Germany	4	2 %
Luxembourg	1	4 %
Belgium	5	4 %

2021 in brief

▶ QUARTER 1

Bilia entered an acquisition agreement of 80 per cent of the shares in Felgteknikk AS in Norway, which runs a rim repair business.

Bilia concluded an agreement to acquire an authorised Porsche dealer who conducts sales and service business at two facilities in Malmö and Helsingborg in southern Sweden.

▶ QUARTER 2

Bilia concluded an agreement to acquire five facilities from a Toyota dealer, Funne-mark AS in Norway.

Bilia concluded an agreement to acquire two authorised Mercedes dealers, Upplands Motor i Stockholm AB with four facilities in the Stockholm area and Bil Dahl AB with five facilities in northern Sweden. Bil Dahl is also an authorised dealer of Nissan and Citroën.

Bilia concluded an agreement to acquire City Däck Öresund AB in Sweden, a company that conducts sales of tyres and rims and related services.

▶ QUARTER 4

Bilia reached an agreement in principle with Volvo Cars in Sweden and Norway on a future cooperation and its main terms which entails that Bilia will continue its Volvo operations on a total of 44 facilities in Sweden and Norway.

Bilia signed an agreement to sell four facilities for Volvo/Renault in Skaraborg, Sweden and four facilities in Bergslagen, Sweden to other Volvo dealers

Bilia signed an agreement to sell three facilities for Volvo in Oslo, Norway and one facility for Volvo/Renault in Uppsala, Sweden to other Volvo dealers.

▶ EVENTS AFTER THE BALANCE SHEET DATE

Bilia informed that an agreement has been reached to sell the remaining four facilities in Germany.

Bilia signed an agreement with XPENG regarding sale of new cars and service operations for XPENG cars in Sweden. The cooperation with XPENG will be conducted in the form of an agency agreement.



ANOTHER RECORD YEAR IN TERMS OF RESULTS

Our acquisitions strengthen the Bilia family

To remain successful in a fast-changing world, we need to adapt, renew and challenge ourselves by constantly developing and identifying new opportunities.

Once again a new record result

We reported our highest result ever in 2021, despite a market hit by the global shortage of semiconductors, changes in tax regulations and the COVID-19 pandemic. The record result was mainly attributable to a continued strong result for the Service Business and the highest result ever for sale of used cars. During the year we developed more services within tyres, rims, storage, renovation and recycling of spare parts as well as increased our range of new cars with a further four strong brands. We are entering 2022 with the highest order backlog ever, a total of 22,755 cars.

A circular business model

For Bilia, it is pivotal that we contribute to a sustainable society with focus on our operations. We therefore apply a circular business model that enables us to influence the car's entire life cycle. This means that we offer products and services for everything related to car ownership throughout its life cycle, from new to used car, car care, repairs, recycling, renovation, and the sale of parts from dismantled cars.

In recent years we have grown in the area of car dismantling, which utilises and reuses car parts in a way that is sustainable for both the business and the environment. Our sustainability initiatives continued during the year with the acquisition of the rim repair business in Felgteknikk AS in Norway, and City Däck Öresund AB in Sweden.

We have also continued our strategic focus on used cars over three years old, of all brands, with sales taking place both via online auctions and in showrooms. We now have a total of ten separate Bilia Outlet facilities in Sweden and Norway.

Continued collaboration with Volvo Cars

At the end of the year, we reached an agreement with Volvo Cars in Sweden and Norway on future cooperation related to Volvo's termination of the dealership agreements with Bilia in November 2020. Bilia will onwards run Volvo operations at a total of 44 facilities. In Sweden we will continue our operations in the city regions of Stockholm, Gothenburg, Malmö and Västerås, while in Norway we will be leaving the Oslo city area. We are delighted about this continued vote of confidence, and look forward to carrying on developing together.

As part of the deal with Volvo, we reached an agreement during the year to sell twelve Volvo/Renault facilities in Sweden and Norway in 2022. Towards the end of the year we also reached an agreement to sell our remaining four facilities in Germany during 2022. This means we are divesting our operations there

as our profitability targets have not been met. However, we want to continue on growing and investing further in other parts of Western Europe.

“Acquisition of six companies in 2021 strengthens our future business”

2021's acquisitions added new car brands

In line with our growth strategy, we are proud to have acquired six companies during the year, thus adding new car brands to the Bilia family. The acquisition of the Porsche operation in Malmö and Helsingborg enables continued expansion with Porsche in southern Sweden. The acquisition of nine Mercedes facilities in Sweden not only adds a new car brand, but also a new business area for Bilia: heavy trucks. It also expands Bilia's business further north in Sweden – an increasingly interesting region in terms of growth and new establishment of various businesses. The new car brands also mean that we can now offer our customers a wider range of fossil-free car models. Also during the year we have acquired five Toyota facilities in Norway, along with the already mentioned Felgteknikk AS and City Däck Öresund AB which bolster our wheel business. We intend to continue growing through organic growth, acquisitions, and the development of used car sales.

Onward focus on our customers and growth


We continue our journey of being the best service company in the industry by exceeding customers' expectations, and develop our ability to meet their needs. Our sustainability work starts from the UN's global Sustainable Development Goals. We have identified nine goals that we feel are most relevant to us, and where we have the most potential to make a difference.

I am tremendously proud that, despite some tough circumstances, together we have found new ways to drive Bilia forward in a considerate way for our customers, employees and the world we live in. I look forward to that we will continue this work moving forward.

Gothenburg, March 2022


Per Avander

CEO and Managing Director



Mercedes-Benz PORSCHE
NISSAN smart

► New car brands have been added in 2021, with the acquisition of a Porsche dealer and two Mercedes dealers, which also are dealers for Nissan and Smart.



125,000

► The number of service subscriptions increased by 5,000 during the year. The goal is to grow to 130,000 subscriptions.



406,000

► The number of stored wheels increased by 19,000 during the year. The long-term goal is 600,000 stored wheels.

Bilia's leadership is an important success factor

EMPLOYEES. Dedicated and skilled employees are vital to our success. With us, everybody should have the ability to develop, and the working climate should create dedication to achieve set goals. This requires good leadership, and at Bilia we focus on developing the Group's leaders. Our internal strategy is based on solid leadership that creates proud and considerate employees.

Bilia's leadership



I lead by example



I take ownership



I create engagement



I make it happen



I deliver results

► Bilia's leadership is based on five basic principles: leading by example, taking ownership, creating engagement, executing decisions, and driving results. Clear leadership expectations coupled with monitoring, coaching and development initiatives are the foundation of our internal strategy. Bilia has its own training programme for both new and experienced managers, and it produces results. The employee survey indicates a high leadership index, well above benchmark.

Being a good manager also entails being responsible for supporting and promoting the development and well-being of employees and teams. Employees are supported in developing and achieving their optimum level of performance in every phase of their development.

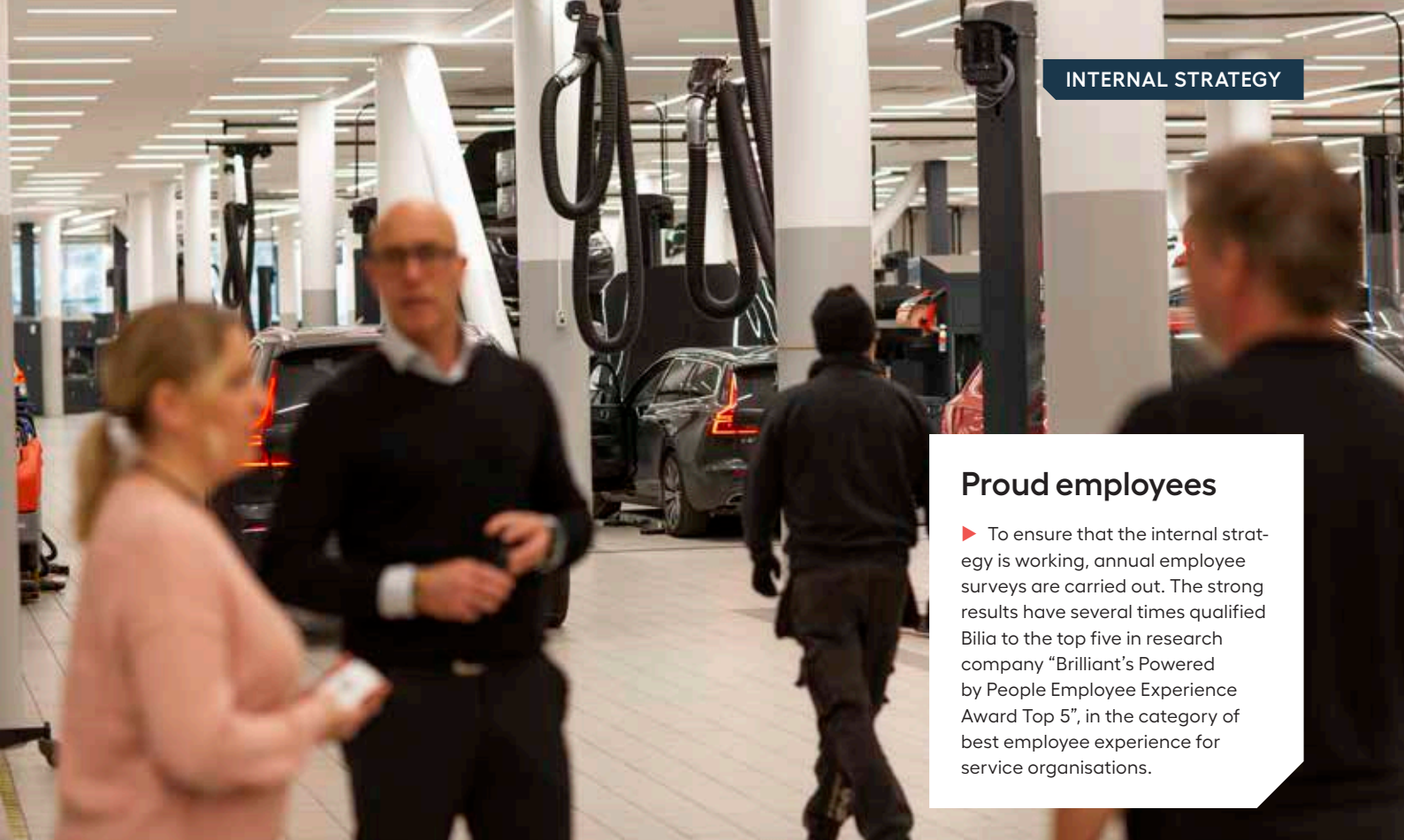
The foundation of professional development and continuous improvement is the regular performance appraisal which all employees have with their immediate manager.

To ensure that the internal strategy is working, annual employee surveys are carried out using an independent research company. 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 always strive to be even better. These surveys show a good response rate, strong results, as well as a positive trend over time. All indexes are above average, both generally and within the industry. The pandemic has brought some huge challenges for the teams, but thanks to close leadership and a focus on the work environment, the indexes for team efficiency, psychosocial work environment and eNPS further improved during the year, from already high levels.

Bilia's road to success

STRONG LEADERSHIP

Our leaders should stand for strong leadership with focus on engagement and competence.



Proud employees

▶ To ensure that the internal strategy is working, annual employee surveys are carried out. The strong results have several times qualified Bilia to the top five in research company “Brilliant’s Powered by People Employee Experience Award Top 5”, in the category of best employee experience for service organisations.

What do Bilia’s managers think is important in their roles as leaders?



Louise Trygg Hammarbäck
Customer Services Manager

▶ I take ownership by being engaged. At

Customer Services we are inquisitive and proactive, which is vital to ensure that we have the latest information for dealing with customers’ questions and expectations. I feel my greatest strength is that I’m interested, and like to be close to and understand the business operation and the challenges we face, so I can then help to find solutions that work.



Trond Rokke
Service Director

▶ I create engagement by being interested. I have

regular follow-ups with the personnel to ensure we’re moving in the right direction. It’s important to engage and delegate responsibility, to care but also to make demands. I want to build teams that work for each other and have a lot of scope to express their opinions, so we can hold productive discussions and find solutions that meet the customers’ and Bilia’s best interests.



Gustaf Andersson
Service Manager

▶ I create engagement and deliver results. I want to create a team

spirit and ensure the team thrives. I get to work early, say hi to everyone, and try to make sure they’re feeling good. For me it’s important to get back to the personnel, even if I don’t always have the answer straight away. It’s important to have a goal and set interim goals too, and also to have a clear plan for how to achieve them. I want everyone to feel proud when they go to work – then I’ve done my job successfully.



Our employees should be proud to contribute to a better experience for our customers.



Our customers should have a better experience through a considerate approach.



Our shareholders should be satisfied with the return on their investment in Bilia shares.

We want to assist with everything related to car ownership

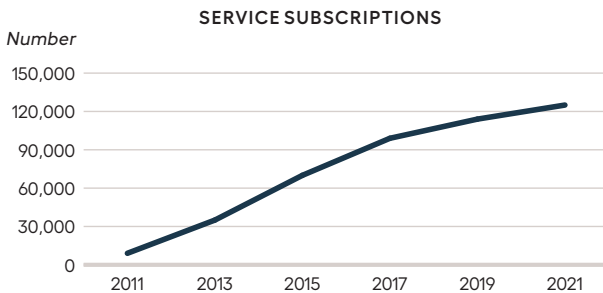
ALL UNDER ONE ROOF. Bilia is a full-service supplier with a wide range of services, a One Stop Shop offering assistance with everything related to car ownership during the car's entire life cycle. Customers are treated as guests and we aim always to create a better experience.

► Bilia's business model is circular in its nature as it offers services for everything related to car ownership during the car's entire life cycle, from a new car to a used car to a dismantled car from which parts are recycled to be used as spare parts in our workshops.

The starting point of our business model is the customer's need of a new or used car. Contact with us takes place online and/or through visits to one of our showrooms. We offer private customers and corporate customers a wide range of car models that suit the needs of different customers. In con-

nection to the car purchase, customers are offered financing and insurance solutions to facilitate the purchase. In Sweden customers are offered the CarPay mobile app and Bilia's payment card to finance their car ownership. Customers are also offered services to simplify their car ownership, such as service and wheel storage subscriptions. Service subscriptions give customers a fixed monthly cost and the wheel storage service simplifies wheel changes and makes storage easier for the customer. Both service and wheel storage subscriptions have developed strongly. At the end of 2021 Bilia had 125,000 service subscriptions and 406,000 stored wheels. Our subscriptions give us the opportunity to meet customers on recurring occasions during the subscription period, which strengthens the relationship and creates opportunities to offer additional services for the car.

During the car ownership we want to offer services for everything related to car ownership. For instance Bilia offers fuel, car wash, rental cars, tyres and wheels, car accessories, car care, servicing and repairs, paintwork and window treatment, as well as dent removal. Bilia has regular contact with its customers 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.



9,000 customers had service subscription in 2011 and ten years later 125,000 customers had signed service subscriptions.

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.





We offer services for everything related to car ownership during the car's entire life cycle, from the purchase of a new car to recycling parts from a dismantled car.



Car purchase

Financing, insurance, the Bilia-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.



Bilia Reuse

Dismantling, rim repair, reuse and sales of used car parts.



Customer service

Telephone and online.

VISION

The best service company in the business – through consideration for customers, colleagues and the world we live in.

At Bilia, we strive to be the best service company in the business, with full-service workshops, show-rooms and a customer service offering high availability. Through consideration and professional pride, we establish 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 our employees.

CUSTOMER PROMISE

A better experience.

Through management by objectives, monitoring and quality processes, we work 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.



The world is changing – and so are we

GROWTH. To remain successful, we are continuing to make the most of new business opportunities. Through our growth strategy, we are strengthening our profitability and creating long-term value for our employees, customers and shareholders.

► Sweden's national climate goal to have a fossil-free vehicle fleet by 2045, along with changes in demand, is opening up new business opportunities. Electrification means that companies are bringing more brands into their fleets to cover the need for different models. During the year, we have extended our range with Mercedes, Porsche, Nissan and Smart, and we now offer a total of twelve car brands. This gives us great opportunities to meet customers' needs for cars, transport vehicles and trucks of different sizes and fuel types, with the future focus on electric vehicles.

New ways of buying cars and booking services

Digitalisation is progressing rapidly throughout society and the car industry is no exception – both when it comes to technology in the cars, sales and service. Many companies are adapting their business models, and together with Volvo we are now continuing

our digitalisation journey to produce a seamless experience between online sales and direct customer relations. Moving forward, we will be here for our Volvo-customers both online and at 44 facilities in Sweden and Norway. There is a high rate of change in the industry, and car manufacturers are currently testing different business models, such as agency agreements, subscriptions and club memberships. We are working closely alongside manufacturers to find sustainable business models for the future.

Infection-safe transportations and changed travel habits

The market for used cars has developed positively in recent years. This is partly due to the ongoing pandemic, which has led to a need for infection-safe means of transport, changed travel habits, and the shortage of components for manufacturing new cars. Through our strategic focus on Bilia Outlet in Sweden and Norway, we have expanded our range of used cars with further

“We are creating long-term value for our employees, customers and shareholders”

Bilia's growth strategy

GROWTH. In the past nine years Bilia has acquired 33 companies, which has entailed expansion in new countries, new car brands and new service areas.

► Bilia has a strategy to grow by 5–10 per cent a year over a business cycle. Between 2012 and 2021, Group turnover has doubled from SEK 17.7 M to SEK 35.5 M and the number of employees has increased by just over 55 per cent.

In 2021 we increased the number of car brands to include Mercedes, Porsche, Nissan and Smart by acquiring Bil Dahl AB, Upplands Motor Stockholm AB, and Porsche Center Malmö and Helsingborg. Through these new car brands, we are expanding the range of fossil-free cars for our customers. We also increased the number of Toyota facilities by acquiring five facilities from Funnemark AS in Norway.

In 2020 Bilia acquired Jönköpings Bildemontering AB and ECRIS AB, and together they represent an important addition to Bilia's focus on sustainability. In total four car dismantling operations have been acquired, leading to a better supply of used and renovated spare parts for our repair workshops.

In 2019, the service workshop Furubakken and Volvo dealership Jensen & Scheele Bil AS, Norway joined the Group, along with its service workshop.

Since 2019 our wheel business has been expanding, initially through the acquisition of En Bättre Däckaffär Scandinavia AB, Sweden. In 2021 we took the next step with the acquisition of City Däck Öresund AB in Sweden and Felgteknikk AS in Norway. In tandem with acquiring the rim repair business in Felgteknikk AS, this operation has now begun in Sweden.

Moving forward, we can see opportunities for further acquisitions in Sweden, Norway, Luxembourg and Belgium but also other countries in Western Europe could be of interest.

models – both older cars and car brands that are not part of our core business. During the year we have opened further facilities, and for the second consecutive year our sales of used cars exceeded new cars.

Recycling and circularity

There is strong demand for our workshop services, but our ability to grow is inhibited in part by the shortage of auto engineers in the job market. We are meeting this challenge by working together with schools, improving capacity in our workshops and developing new services in areas such as wheel sales and wheel storage, rim repair, car dismantling and spare parts recycling. Within Bilia Reuse, we are working on recycling of used and renovated spare parts for our repair centres, but also for external customers.

Meeting demand for freight transport

A predominantly part of land-based freight in Sweden is transported by truck. Through our acquisition of Bil Dahl and Upplands Motor Stockholm, we are extending our range of car brands with Mercedes, one of Europe's largest and most successful players in the heavy trucks segment. This is a new business area for us, one that has good synergies with our expertise in the Service business.

Investments in northern Sweden

Major investments are being made in Norrbotten and Västerbotten in various areas such as mining, fossil-free steel manufacturing, battery production and the development of the railway, which is expected to lead to higher migration and more jobs. Through our acquisition of Bil Dahl, we now have an opportunity to be involved and meet the higher demand for transportation and service in the region.

Growth strategy

- Continued growth through acquisitions
- Organic growth in the Service Business
- Development of Service Business services
- Focus on used cars
- Geographic growth

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 digital meetings, and also by other digital channels as Bilia's websites, Facebook, Instagram and LinkedIn.

Intellectual capital

125,000 service subscriptions and 406,000 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

5,331 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.

Material capital

155 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 9,947 M invested capital from shareholders, lenders and lessors. SEK 1,257 M reinvested into the operation in the form of facilities, machinery and equipment.

125,000
service subscriptions

5,331
employees
in five countries

155
facilities
in five countries

9,947
SEK M invested
capital

Bilia offers

Sales in
five countries the
past year

Twelve car
brands with a
relevant selection of
green cars

Easily
accessible digital
and physical
meeting spots
to visit

Sales and
customer
service via personal
contact and digital
channels

Proud and
considerate
employees who
assist our
customers

Sustainable value creation

Shareholders

- Profit for the year SEK 1,457 M
- Proposed dividend of SEK 8 per share 2022
- Market capitalisation of SEK 16,469 M

Customers

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

Employees

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

Financiers and suppliers

- Long-term, mutually beneficial partnerships
- Lease payments of SEK 631 M
- Interest payments of SEK 58 M

Society and the world we live in

- 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

63 %

Total return on the Bilia share. Dividend of SEK 6 per share for 2021.

1.9

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

84 %

Employee dedication index compared to 80 % for benchmark.

0.2

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

9

identified goals from 2030 Agenda and the UN's global Sustainable Development Goals where Bilia can contribute and work for sustainable development.

5 reasons to invest

1

Circular business model for development

Bilia's business model is to be a full-service supplier that offers everything a car owner needs during the car's entire life cycle. Development of sustainable services is ongoing continuously, based on customers' wishes and requirements.

2

Digitalisation for better availability

Bilia's operations were primarily run from 155 facilities, but digital media are also used to simplify and improve our contact with and services for customers.

3

Strong business partners are added

Bilia works long-term with selected business partners, who contribute competitive products and services to Bilia's overall offering to customers. Through continued acquisitions, we are increasing the number of business partners for the Bilia family.

4

Proud and considerate employees

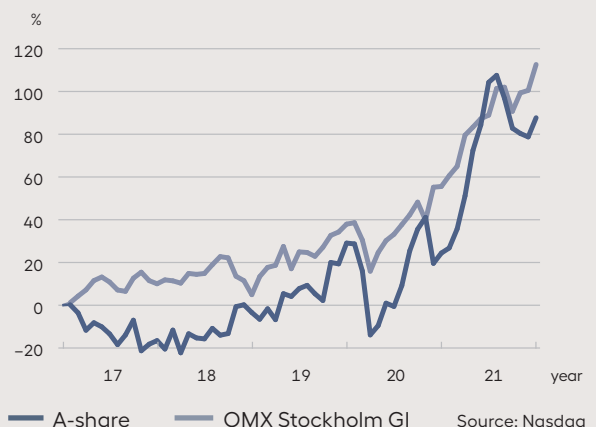
Our corporate culture is based on proud, dedicated, considerate co-workers and leaders, and we see this as fundamental in offering a better experience and ensuring satisfied, loyal customers.

5

Strong financial position

Bilia has a stable and strong financial position. During 2021, a dividend of SEK 6 per share was paid to the shareholders and the repurchase of own shares of SEK 517 M was completed. The Board's proposal to the AGM 2022 is to distribute SEK 8 per share on four occasions.

TOTAL RETURN OF BILIA SHARE



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 2021. 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, transport vehicles and trucks plus supplementary services such as financing and insurance. Bilia has 155 facilities in Sweden, Norway, Germany, Luxembourg and Belgium plus two online auction sites, one in Sweden and one in Norway. At the end of the year, an agreement was reached to divest the four facilities in Germany on 1 February 2022, which means that Bilia will not operate in Germany. The decision to divest operations in Germany was taken when set profitability targets were not achieved.

Bilia's vision is to be the best service company in the business – through consideration for our customers, colleagues and the world we live in. Bilia's business model is circular in nature and offers services for everything related to car ownership during the car's entire life cycle. Bilia strives continuously to be the best service company in the business through full-service workshops, showrooms and a customer service, with high availability, physically and digitally.

Bilia's Service Business includes a well-developed range of services and service concepts that are continuously developed to simplify the car ownership, during the car's entire life cycle, for the customers. The Service Business includes workshop services, spare parts, car dismantling, rim repair, wheel sales and storage, store sales and e-commerce.

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

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 2021 was 102,799,952, including holdings of own shares of 7,023,290. All issued shares have equal rights in the company

Financial goals

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

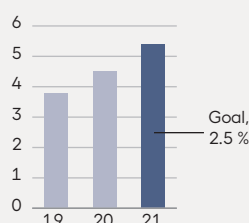
All Bilia's financial goals were fulfilled 2021, as below:

- Operational margin 5.4 per cent (goal 2.5)
- Return on equity 33.8 per cent (goal 18.0)
- Payout ratio 53 per cent (goal over 50)
- Total growth 18 per cent (goal 5–10)
- Ratio of net debt to EBITDA, excluding IFRS 16, 0.2 times (goal <2.0)

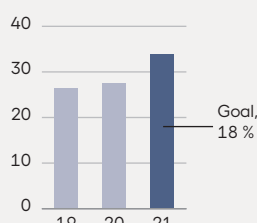
From 2017 to 2021 Bilia's total growth in turnover was 29 per cent, which is in line with the goal of an average annual growth of 5–10 per cent over a business cycle. The average growth over the past five years was 8 per cent. Goal fulfillment for net debt in relation to EBITDA, times, is measured excluding IFRS 16.

All Bilia's financial goals were fulfilled in 2021

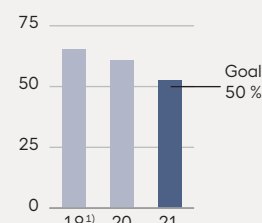
OPERATING MARGIN, %



RETURN ON EQUITY, %

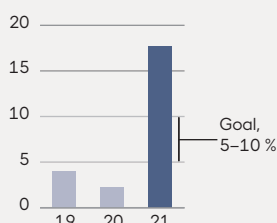


PAYOUT RATIO, %

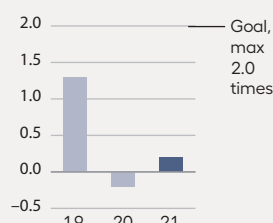


¹⁾ The dividend was withdrawn due to COVID-19 restrictions.

TOTAL GROWTH, %



RATIO OF NET DEBT TO EBITDA, EXCL. IFRS 16, TIMES



Notable events 2021

- ▶ Bilia entered an acquisition agreement of 80 per cent of the shares in Felgteknikk AS in Norway.
- ▶ Bilia concluded an agreement to acquire an authorised Porsche dealer with two facilities in southern Sweden.
- ▶ Bilia concluded an agreement to acquire five Toyota facilities from Funnemark AS in Norway.
- ▶ Bilia concluded an agreement to acquire an authorised Mercedes dealer, Upplands Motor Stockholm AB, with four facilities in the Stockholm area, Sweden
- ▶ Bilia concluded an agreement to acquire an authorised Mercedes dealer, Bil Dahl AB with five facilities in northern Sweden. Bil Dahl AB is also an authorised dealer for Nissan and Citroën.
- ▶ The Board of Directors decided to repurchase 1,000,000 own shares.
- ▶ Bilia concluded an agreement to acquire City Däck Öresund AB
- ▶ Bilia reached an agreement in principle with Volvo Cars on a future cooperation and its main terms following Volvo's termination of the dealership agreements with Bilia in November 2020. Bilia will onwards conduct Volvo operations at 44 facilities, 34 facilities in Sweden and 10 in Norway.
- ▶ Bilia reached an agreement to sell four Volvo/ Renault facilities in Skaraborg, four facilities in Bergslagen and one facility in Uppsala to other Volvo dealers in Sweden.
- ▶ Bilia reached an agreement to sell three facilities in Oslo to another Volvo dealer in Norway
- ▶ The Board of Directors decided to repurchase a maximum of 4,000,000 own shares and also proposed to the AGM on a dividend of SEK 8 per share, to be paid on four occasions.

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 2021 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 2021 to buy back Bilia shares and has during the year repurchased 3,552,839 of its own shares and 309,202 shares have been used in acquisition of operations. At the end of the year, the total number of own shares corresponded to 6.8 per cent of the total number of shares. During 2020 and 2019, 1,814,000 and 817,210 shares were repurchased.

Sales and earnings

Net turnover amounted to SEK 35,509 M (30,168). For comparable operations and adjusted for exchange rate fluctuations, net turnover was 10 per cent higher than last year.

Operating profit amounted to SEK 1,925 M (1,364). Operating profit for 2021 was negatively affected by structural costs of SEK 39 M, which can mainly be attributed to the closure of four facilities in Germany. Operating profit for 2020 was negatively

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 118.

	2021	2020	2019
Bilia Group			
Net turnover, SEK M	35,509	30,168	29,508
Operational earnings, SEK M	2,142	1,593	1,239
Operational margin, %	6.0	5.3	4.2
Operating profit, SEK M	1,925	1,364	1,125
Profit before tax, SEK M	1,830	1,260	1,014
Net profit for the year, SEK M	1,457	984	807
Earnings per share, SEK	14.90	9.85	8.00
Ratio of net debt to EBITDA, excluding IFRS 16, times	0.2	-0.2	1.3
Return on capital employed, %	20.5	16.7	15.8
Return on equity, %	33.8	27.5	26.5
Operating cash flow, SEK M	1,814	2,872	855
Equity/assets ratio, %	26	24	20
Equity per share, SEK	46	40	32
Number of employees, 31 December	5,331	4,646	4,978

affected by structural costs of SEK 136 M, which can mainly be attributed to an initial assessment of cost for restructuring of the operations related to Volvo Cars' termination of Bilia'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 2,142 M (1,593). The operational margin was 6.0 per cent (5.3).

The Service Business reported a higher profit than last year, attributed mainly to newly acquired operations.

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 4 per cent higher compared with last year. Overheads amounted to 11.3 per cent of net turnover, which was 0.3 percentage points lower than last year. As a result of the profit level and customer satis-

faction during the year, a provision totalling SEK 27 M (25) was made for employee bonuses in Sweden.

The operation in Sweden reported a profit of SEK 1,418 M (1,178). The margin amounted to 6.9 per cent (6.4). Profit in the Norwegian operation amounted to SEK 757 M (444). The margin was 6.7 per cent (5.5). The operation in Western Europe reported a profit of SEK 79 M (41). The margin was 2.1 per cent (1.1). The operating loss for the Parent Company for the whole year amounted to SEK -113 M (-76) and was adversely affected by SEK 23 M in the revaluation of endowment insurances for pensions compared with last year.

Profit for the year amounted to SEK 1,457 M (948). Earnings per share amounted to SEK 14.90 (9.85). Exchange rate fluctuations did not have a significant effect on the profit for the year.

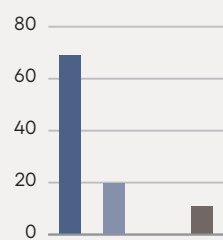
GROUP DIVIDED INTO SERVICE, CAR AND FUEL BUSINESS

	Net turnover, SEK M ¹⁾			Operational earnings, SEK M			Margin, %		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Service Business	7,812	6,971	7,052	1,279	1,157	945	16.4	16.6	13.4
Car Business	28,335	23,616	22,678	938	477	348	3.3	2.0	1.5
Fuel Business	1,252	1,093	1,338	37	29	25	3.0	2.7	1.8
Parent Company, other	-1,890	-1,512	-1,560	-112	-70	-79	—	—	—
Total	35,509	30,168	29,508	2,142	1,593	1,239	6.0	5.3	4.2

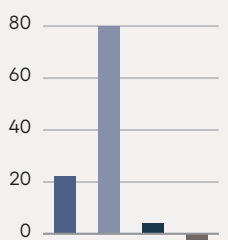
The Service Business includes workshop services, spare parts and accessories. The Car Business includes sales of new and used cars plus supplementary services.

¹⁾ Net turnover does not include eliminations for internal sales regarding the segments.

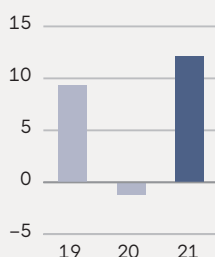
SHARE OF EMPLOYEES, %



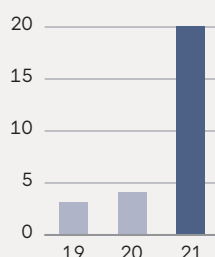
SHARE OF NET TURNOVER, %



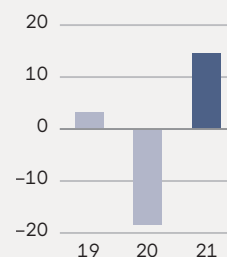
GROWTH SERVICE, %



GROWTH CARS, %



GROWTH FUELS, %



GROUP

	Net turnover, SEK M			Operational earnings, SEK M			Margin, %		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Sweden	20,542	18,313	17,811	1,418	1,178	950	6.9	6.4	5.3
Norway	11,250	8,013	7,526	757	444	277	6.7	5.5	3.7
Western Europe	3,689	3,816	4,146	79	41	91	2.1	1.1	2.2
Parent Company, other	28	26	25	-112	-70	-79	—	—	—
Total	35,509	30,168	29,508	2,142	1,593	1,239	6.0	5.3	4.2

Acquisition of non-current assets

Acquisitions of non-current assets amounted to SEK 285 M (231) excluding lease vehicles and SEK 1,257 M (1,572) including lease vehicles. Replacement investments represented SEK 60 M (50), expansion investments SEK 114 M (76), environmental investments SEK 5 M (4), investments in new construction and additions to properties SEK 62 M (69), leases SEK 44 M (32) and lease vehicles SEK 972 M (1,341).

Financial position

The balance sheet total increased by SEK 784 M during 2021 and amounted to SEK 17,200 M. Equity increased by SEK 449 M during 2021, amounting to SEK 4,417 M. During the year, Bilia bought back 3,552,839 of its own shares, for a total purchase

price of SEK 517 M. Bilia's total amount of own shares at 31 December 2021 was 7,023,290 shares.

The equity/assets ratio amounted to 26 per cent (24). Net debt increased by SEK 1,919 M in 2021 and amounted to SEK 4,252 M. The increase is mainly explained by higher leasing liabilities in accordance with IFRS 16 attributable to new leases, acquisitions of operations and repurchases of shares. Excluding lease liabilities attributable to IFRS 16, net debt amounted to SEK 582 M, an increase of SEK 860 M since December 2020. The ratio of net debt to EBITDA excluding IFRS 16 was 0.2 times compared with -0.2 times (minus due to positive net debt) in previous year.

Liquidity remained good, and at the end of December a receivable of SEK 550 M (1,824) was reported from the main banks of the Group. Bilia's combined credit limit amounts to SEK 1,500 M, of which no part was utilised at the end of the year.

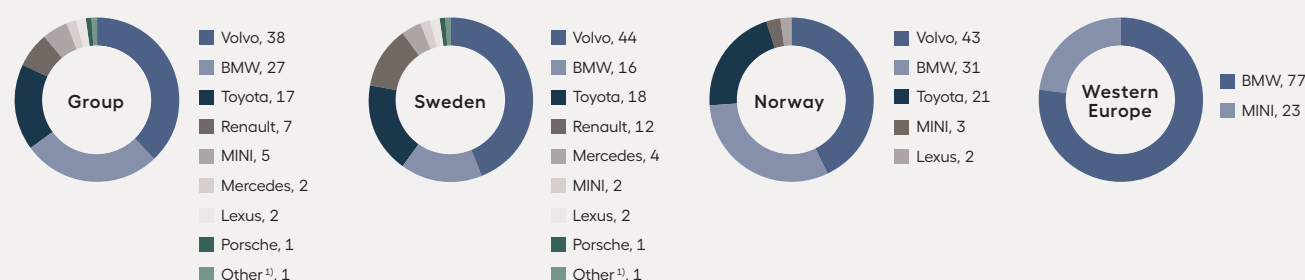
STATISTICS SERVICE AND CAR BUSINESS

Growth in the Service Business, %	Sweden			Norway			Total Sweden and Norway		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Reported turnover	13.1	1.3	7.1	16.5	4.2	9.4	14.1	2.1	7.7
Underlying turnover	0.3	0.3	6.9	4.3	14.6	5.3	1.5	4.8	6.6
Calendar effect	-0.4	-0.8	0.0	0.0	-1.2	0.0	-0.3	-0.9	0.0
Adjusted turnover	-0.1	-0.5	6.9	4.3	13.4	5.3	1.2	3.9	6.6

Number of cars	Deliveries, new cars			Deliveries, used cars ¹⁾			Order backlog, new cars		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Sweden	29,238	29,065	32,998	33,391	31,851	31,490	12,451	7,051	8,218
Norway	12,777	8,399	9,006	13,267	11,668	10,638	7,836	4,545	2,231
Western Europe	5,769	5,844	6,666	5,148	5,505	5,745	2,488	1,862	1,318
Total	47,784	43,308	48,670	51,806	49,024	47,873	22,775	13,458	11,767

¹⁾ 2020 and 2019 have been recalculated.

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



¹⁾ "Other" includes Dacia, Nissan, Alpine and Smart.

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

	Volvo		BMW		Toyota		Renault		MINI		Lexus	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sweden	26	28	29	25	20	20	28	31	22	23	39	41
Norway	40	35	36	34	12	8	—	—	36	39	17	17
Western Europe	—	—	2	2	—	—	—	—	3	3	—	—

	Dacia		Alpine		Porsche ¹⁾		Mercedes ¹⁾		Smart ¹⁾		Nissan ¹⁾	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Sweden	14	24	100	100	24	—	12	—	0	—	3	—
Norway	—	—	—	—	—	—	—	—	—	—	—	—
Western Europe	—	—	—	—	—	—	—	—	—	—	—	—

Calculated on official statistics for the number of registered cars per country and brand.

¹⁾ Based on a full-year.

Growth through acquisitions and continued strong results

SERVICE. The Service Business includes services and concepts that simplify car ownership throughout a car's life cycle. 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. In 2021, acquired operations have contributed to an expansion in Bilia's Service Business. During 2021, reported turnover for the Group increased by 12 per cent on the previous year: by 17 per cent in Norway and 13 per cent in Sweden.

Service subscriptions simplify car ownership for the customer and also allow Bilia regular meetings with its customers. The number of service subscriptions amounted to 125,000, an increase of 5,000 compared to the previous year. The number of service subscriptions sold for used cars increased as a result of Bilia's strategic used car sales initiative via Bilia Outlet in Sweden and Norway. The aim is to have 130,000 service subscriptions.

The number of stored wheels amounted to 406,000, an increase of 19,000 on the previous year. The long-term target is to store 600,000 wheels.

Events during the year

The acquisition of City Däck Öresund AB and Felgteknikk AS in 2021 was part of Bilia's strategic focus on the wheel business, and also on sustainability through its rim repair business. During the year, rim repair business was started in Sweden.

During the year Bilia reached an agreement to divest Volvo operations in

Sweden and Norway and BMW/MINI operations in Germany in 2022. The divestment of the Volvo operations is part of the agreement with Volvo on continued cooperation following the termination of the dealership agreements in November 2020.

Result development

Result development for the Service Business remained positive in 2021 and operational earnings increased by SEK 122 M or 11 per cent compared with the previous year. Operational earnings amounted to SEK 1,279 M (1,157), with a margin of 16.4 per cent (16.6). The improved result was mainly attributable to acquired operations.

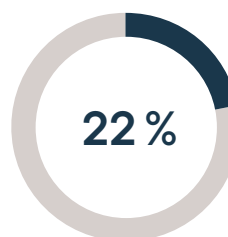
Challenges and opportunities

The operations acquired in 2021, both new car brands and other companies, partly compensate for the divested operations in Sweden, Norway and Germany, and will contribute positively to developments in the Service Business in the years to come. The new business area, heavy trucks, will create opportunities to expand in the Service Business. Continued large car stock gives a high demand for services. The proportion of electric cars is increasing rapidly in our operating countries and is believed to mean lower service turnover compared with cars with fossil fuels. New services are increasing and so far the increasing fossil-free car stock have not affected the profitability in the Service Business. We will continuously adapt our services and operations based on the composition of the car stock.

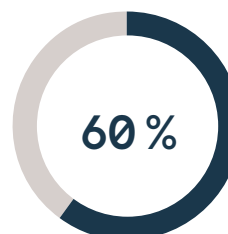
THIS IS THE SERVICE BUSINESS

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

SHARE OF BILIA'S NET TURNOVER 2021



SHARE OF BILIA'S OPERATIONAL EARNINGS 2021



OUR BRANDS



SERVICE BUSINESS DIVIDED INTO GEOGRAPHIC MARKET

	Net turnover, SEK M ¹⁾		Operational earnings, SEK M		Margin, %	
	2021	2020	2021	2020	2021	2020
Sweden	5,087	4,498	915	831	18.0	18.5
Norway	2,168	1,862	310	273	14.3	14.6
Western Europe	557	611	54	53	9.7	8.6
Total	7,812	6,971	1,279	1,157	16.4	16.6

¹⁾ Net turnover includes internal deliveries.

During 2021 the reported turnover increased by 12 per cent mainly related to newly acquired operations.

SWEDEN

 Reported turnover in the Service Business in Sweden increased by 13 per cent, the operational earnings increased by SEK 84 M and amounted to SEK 915 M (831). The higher turnover and the higher earnings was primarily related to newly acquired operations.

NORWAY

 Reported turnover in the Service Business in Norway increased by 17 per cent related to newly acquired operations and new service activities for Polestar cars. Operational earning increased by SEK 37 M and amounted to SEK 310 M (273). The higher earnings was attributable to higher turnover.

WESTERN EUROPE

 Reported turnover in the Service Business in Western Europe was on a par with last year. Also  operational earnings was on a par with last year and amounted to SEK 54 M (53).

SERVICE BUSINESS

	2021	2020
Net turnover, SEK M ¹⁾	7,812	6,971
Share of net turnover, % ¹⁾	22	23
Growth, local currency, %	11.8	1.2
Operational earnings, SEK M	1,279	1,157
Margin, %	16.4	16.6
Number of employees	3,690	3,194
Number of facilities	130	112
Number of service subscriptions	125,000	120,000
Number of wheels in storage	406,000	387,000

¹⁾ Net turnover includes internal deliveries.



New record results for used cars

CAR. In its Car Business, Bilia sells twelve attractive brands of new and used cars, transport vehicles and trucks. A sale often leads on to financing, insurance, servicing, wheel storage and other services during the ownership period.

Market and business environment

Demand for both new and used cars was strong during the year. The market increased by 4 per cent in Sweden and by 20 per cent in Norway. The Group's order intake for new cars increased by 27 per cent, attributable to all countries except Germany. Adjusted for acquired operations, the order intake increased by 17 per cent. The Group's order backlog was the highest ever, amounting to 22,775 cars, compared to 13,458 cars in the previous year. The increase is partly explained by fewer cars received from car manufacturers related to production disruptions due to component shortages.

In Sweden and Norway, demand for battery-powered cars continued to increase, primarily explained by new tax systems to achieve the UN's 17 global Sustainable Development Goals. In Belgium and Luxembourg the premium segment that includes BMW saw stronger development than the market overall.

Events during the year

New facilities for used cars were opened under the name Bilia Outlet, a strategic used car sales initiative encompassing all car brands.

During the year, Bilia reached an agreement to divest its Volvo operations in Sweden and Norway and its BMW/ MINI operations in Germany in 2022. The divestment of the Volvo operations is part of the agreement with Volvo on continued

cooperation following the termination of the dealership agreements in November 2020.

Result development

The Car Business' deliveries of new cars, transport vehicles and trucks for comparable operations increased by 6 per cent.

Deliveries of used cars increased by 2 per cent compared with the previous year. For the second consecutive year, Bilia sold more used cars than new cars. Turnover for the Car Business increased on the previous year by 20 per cent.

Operational earnings for the Car Business were SEK 461 M higher than the previous year and amounted to SEK 938 M (477). Profit from sales of used cars was once again the highest ever for a full year at SEK 573 M (297). The higher profit was mainly attributable to a higher turnover and higher gross profit margin. The result from sales of new cars amounted to SEK 365 M (180). The higher figure was attributable to higher turnover.

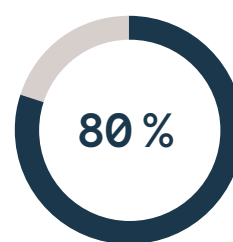
Challenges and opportunities

Sales of new cars are impacted by tax regulations. Sales of used cars tend to increase when sales of new cars decrease. The new car brands acquired during 2021 will partly compensate for the, during 2022, divested operations. The historically high order backlog will translate into sales during 2022. Our focus areas moving forward are growth together with our car brands.

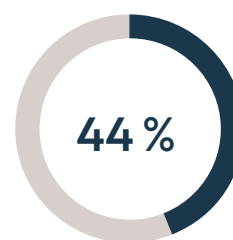
THIS IS THE CAR BUSINESS

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

SHARE OF BILIA'S NET TURNOVER 2021



SHARE OF BILIA'S OPERATIONAL EARNINGS 2021



OUR BRANDS



CAR BUSINESS DIVIDED INTO GEOGRAPHIC MARKET


	Net turnover, SEK M ¹⁾		Operational earnings, SEK M		Margin, %	
	2021	2020	2021	2020	2021	2020
Sweden	15,419	13,666	466	318	3.0	2.3
Norway	9,691	6,643	447	171	4.6	2.6
Western Europe	3,225	3,307	25	-12	0.8	-0.4
Total	28,335	23,616	938	477	3.3	2.0

¹⁾ Net turnover does not include eliminations for internal sales.


The demand for used cars has been good during the year and the result from the sale of used cars was the highest ever for a year.




SWEDEN

 The Car Business in Sweden reported an operational earnings of SEK 148 M higher compared to last year, attributable to sales of used cars that reported a result of SEK 344 M (192). The strong result was mainly attributable to a higher turnover and a higher gross profit margin. The result from the sale of new cars and transport vehicles was on a par with last year.

NORWAY

 The Car Business in Norway reported an operational earnings of SEK 276 M higher than last year, attributable sales of both new and used cars. The higher result is explained by higher turnover and higher gross profit margin. The result from the sale of used cars amounted to SEK 205 M (100).

WESTERN EUROPE

 The Car Business in Western Europe reported an operational earnings of SEK 37 M higher than last year. The higher result was attributable both to new and used cars and was mainly explained by higher turnover and higher gross profit margin. The result from the sale of used cars amounted to SEK 24 M (5).

CAR BUSINESS

	2021	2020
Net turnover, SEK M ¹⁾	28,335	23,616
Share of net turnover, % ¹⁾	80	78
Growth, local currency, %	19.7	5.4
Operational earnings, SEK M	938	477
Margin, %	3.3	2.0
New cars delivered	47,784	43,308
Used cars delivered ²⁾	51,806	49,024
Number of employees	1,041	977
Number of facilities	107	95

¹⁾ Net turnover does not include eliminations for internal sales.

²⁾ 2020 has been recalculated.



Higher turnover and result

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

Market and business environment

The car has continued to be an important means of transportation for many people in the COVID-19 pandemic.

All fuel suppliers must since 2018 reduce greenhouse gas emissions from the fuels in question by a certain percentage. We are achieving this by gradually increasing the content of biofuel: HVO for diesel and ethanol for petrol. Adding AdBlue in newer diesel cars reduces the environmental impact by converting hazardous nitrogen compounds (NOx) in exhaust emissions into water vapour and nitrogen gas.

“At all our Tanka stations in Sweden, customers can now pay using the CarPay mobile app.”

Events during the year

Bilia has continued its efforts to renew the Tanka concept, make the service stations attractive, safe and accessible to customers.

At all our Tanka stations in Sweden, customers can now pay using the CarPay mobile app. The work on introducing HVO at our Tanka stations is ongoing and now Neste My (HVO100) is offered at five stations and as an additive in the diesel sold at all our stations.

Result development

The Fuel Business is concentrated to Sweden and profit for 2021 amounted to SEK 37 M (29). The turnover for sales of fuels increased by 15 per cent attributable to higher prices. Bilia's customers did approximately 128,000 car washes during the year.

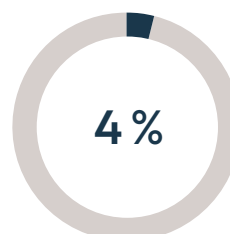
Challenges and opportunities

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.

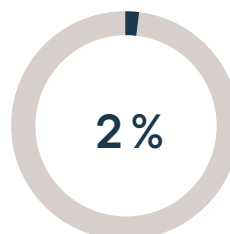
THIS IS THE FUEL BUSINESS

- Fuel sales
- Car washes

SHARE OF BILIA'S NET TURNOVER 2021



SHARE OF BILIA'S OPERATIONAL EARNINGS 2021



OUR BRANDS



FUEL BUSINESS

	Net turnover, SEK M ¹⁾		Operational earnings, SEK M		Margin, %	
	2021	2020	2021	2020	2021	2020
Total	1,252	1,093	37	29	3.0	2.7

¹⁾ Net turnover does not include eliminations for internal sales.

Risks and opportunities

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. The description and analysis of risks, opportunities and management for Bilia is based on information available as of today and there may be aspects that are not possible to predict based on current information.

► For financial risks see Note 26 "Financial risks and risk management".
















RISK	RISK DESCRIPTION	OPPORTUNITIES AND MANAGEMENT	ANALYSIS
Risks related to the market's development	Demand for Bilia's products and services are influenced by fluctuations in the business cycle. Events such as wars, pandemics and natural disasters can have significant direct or indirect consequences for Bilia's market and turnover, such as government lock down and product shortage. The Car Business is the part of the operations that are influenced most by changes in the business cycle. In a recession, some customers can postpone or refrain 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.	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 wars, 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.	Probability ● Impact ● Change →
Risks related to authorisation agreements and termination of these by the general agent	Bilia's core business consists of distribution and servicing of cars, transport vehicles and heavy trucks 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, BMW, Toyota and Mercedes are the largest car manufacturers/general agents for Bilia why a recall or termination, 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, 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 is working on finding 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.	Probability ● Impact ● Change ↘







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



RISK	RISK DESCRIPTION	OPPORTUNITIES AND MANAGEMENT	ANALYSIS
Risks related to government decisions and public opinion	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. Tax rules regarding green cars have changed frequently in recent years for our countries. 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. Tax rules regarding green cars lead to increased demand for the cars that meet the set requirements. 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.	Probability  Impact  Change 
Risks related to new players, new sales channels and new business models	New players, mainly for fossil-free cars, are interested in establishing operations in our countries. Bilia currently sells cars and services from facilities, but also has digital sales channels for used cars and accessories. Change initiatives are underway regarding digital business channels and business models for sale 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.	Bilia follows the development of new players in our operating countries and continuously evaluates future possible partners. Bilia follows the development of new business models and new sales channels and will 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.	Probability  Impact  Change 
Risks related to competitiveness of products and technological development of fossil-free cars	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 to meet the UN's 17 global SDGs ¹⁾ by 2030. The current tax systems on environmental friendly cars, especially in Sweden and Norway, increase the demand on car models that fulfills these requirements. Battery-powered cars can have a negative effect on Bilia's Service Business, as the need for service for fossil-free cars is believed to be lower than for cars powered by fossil fuels.	Bilia's business partners are well established businesses with financial resources to assure the competitiveness and technological development of the products. Bilia's business partners currently offer several fossil-free cars and assesses to be well equipped to follow the technological development to meet the UN's 17 global SDGs ¹⁾ by 2030 as well as the current tax systems from the governments. Investments in equipment in our workshops are made as well as training for our mechanics. New services are developed to meet the needs of fossil-free cars in the Service Business.	Probability  Impact  Change 

¹⁾ Sustainable Development Goals.

RISK	RISK DESCRIPTION	OPPORTUNITIES AND MANAGEMENT	ANALYSIS
Risks related to key persons and co-workers	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 co-workers 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 co-workers 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.	Probability  Impact  Change 
Risks related to facilities, environment and climate impact	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. 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. Bilia works, as an integrated part of its operations, to minimise the negative effect on the environment. Most of our facilities in Sweden and Norway are certified according to ISO 14001 and are yearly reviewed by external certification body. Bilia has routines and processes to ensure that laws and regulations are followed.	Probability  Impact  Change 
Risks related to acquisitions	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.	Probability  Impact  Change 
Risks related to IT-environment	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 favours 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.	Probability  Impact  Change 
Risks related to compliance of laws and rules	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 co-workers. Bilia has routines and processes to ensure that laws and regulations are followed.	Probability  Impact  Change 

 Low  Medium  High  Increased risk  Unchanged risk  Reduced risk

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 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.

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 Norge AS. 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 2021 AGM gave the Board of Directors a new authorisation to buy back the company's own shares. During 2021 a total of 3,552,839 shares were repurchased to a total price of SEK 517 M, which amounts to an average price per share of SEK 145.50. When acquiring operations, 309,202 own shares were used, valued to SEK 45 M. 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 to 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. Total holding of own shares amounts to 7,023,290 which were repurchased to an average price of SEK 118.00 per share.

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 113 M (loss: 76), and was adversely affected by SEK 23 M





in the revaluation of endowment insurances for pensions compared with the previous year.

Future outlook

Industry analysts predict that the car market in Sweden will be slightly higher than last year, while the car market in Norway is predicted to be slightly lower than in 2021. However, the uncertainty is great based on the geopolitical uncertainty in Europe, the semiconductor shortage, and the development of the COVID-19 pandemic. The service markets, where Bilja is represented, are expected to remain at the same level in 2022 as they were in 2021. Owing to the fact that Bilja'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 26, "Financial risks and risk management".

Proposed treatment of unappropriated earnings

The Board of Directors proposes that the earnings available for distribution, SEK 1,278 M, be disposed of as follows:

SEK M	
Cash dividend, SEK 8.00 per share ¹⁾	766
To be carried forward	512
Total	1,278

¹⁾ Based on the number of shares outstanding at 31 December 2021, 95,776,662 (excluding holdings of own shares of 7,023,290).

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 calcu-

"The proposed dividend consists of a cash dividend of SEK 8.00 per share, an increase of 33 per cent compared with last year"

lated 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 8.00 per share, an increase of 33 per cent compared with last year. Total dividend amounts to SEK 766 M and will be paid out on four occasions. The Group's equity/assets ratio will thereafter amount to about 22 per cent.

The proposed cash dividend is consistent with Bilja'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 Bilja 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 14 March 2022.

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

The world is changing, and so are we

The world is constantly changing, and Bilia needs to change with it. Our circular business model is the foundation of our sustainability work. It makes it possible to adapt operations and businesses to future requirements and the demand, needs and altered behaviour of our customers.

► The automotive and transport industry is facing major challenges, for instance with the transition to non fossil-dependent vehicles. In order to reduce the impact on the climate and achieve the sustainability goals, all of society needs to help out: politicians, companies, organisations and individuals. We all have a responsibility.

As a company, we have a responsibility to reduce our own impact on the climate and the planet's resources, and to help customers reduce theirs. With this as the point of departure, Bilia wants to be the industry's best service company by showing consideration for customers, colleagues and the world we live in. We want to create sustainable solutions for the mobile human's need to move around, by having a culture characterised by pride and consideration.

Bilia works to the UN global Sustainable Development Goals (SDGs), part of the 2030 Agenda. We use an integrated management system, certified to ISO 9001 and ISO 14001, which means we work systematically with quality and environmental matters. Bilia aims to be a company for everybody, which is why work based on the company's Code of Conduct and policy on equality of treatment is important. Bilia's Code of Conduct is published on bilia.com.

Circular business model – a sustainable way of doing business

Bilia is a full-service supplier that offers services and products for the car ownership during the car's entire life cycle. The circular business model offers the customer help with everything from buying a new or used car, insurance, accessories, service, damage repair and rental car, to salvage and recycling. The focus is on the customers, and the customer's needs and demand. 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, values and customer promise creates a positive spiral. The foundations of this work are management by objectives, monitoring and quality processes. Bilia wants to create an experience that exceeds its customers' and colleagues' expectations. This is the foundation of our sustainable way of doing business.

Organisation, responsibility and monitoring

The Group's 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 Managing Director of each company. Bilia has a yearly formal process to identify risks and risk management in the operation, see pages 24–26 for description. Bilia's sustainability work is monitored via internal audits, supplier assessments, systematic health and safety work, annual performance appraisals and case management. During the year, Bilia has employed Head of Sustainability to lead and coordinate sustainability work at Group level. This Sustainability Report is a summary of how Bilia works with sustainability in the operation. Sustainability aspects that are integrated into the business are described in other parts of the Annual Report.

Happening in 2022

We will create sustainable solutions for the mobile human's need to move around, by having a culture characterised by pride and consideration. During 2022, Bilia will continue to work on integrating sustainability in the business strategy, goals, action plans and activities. Bilia wants to be the industry's best service company by showing consideration for customers, colleagues and the world we live in.

What is EU's green taxonomy?

The EU's green taxonomy is a joint classification system and tool to help investors identify and compare environmentally sustainable investments in order to achieve the EU's climate goals and the objectives of the European Green Deal.

The Taxonomy Regulation was adopted in June 2020 and is to be implemented gradually. It is a framework for determining which economic operations should be deemed environmentally sustainable. The green taxonomy is intended as a foundation for future standards and labelling of sustainable financial products.

A small part of Bilia's operation will be affected by the taxonomy. The figures are reported in the taxonomy table on page 37.

Human rights and anti-corruption

Bilia works for sustainable businesses and sustainable employees and therefore supports internationally recognised human rights, as well as norms and initiatives for good business ethics.

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 are undergoing training continuously to comply with this Competition Code.

Zero tolerance of bribery and corruption

Bilia has zero tolerance of bribery and corruption. Through the Code of Conduct we clearly denounces bribery and corruption and work for sustainable businesses. Via formal attestation rules, the Code of Conduct, internal audits and its whistle-blower system, Bilia has implemented procedures for counteracting and preventing bribery and corruption. No cases of corruption or bribery have been discovered in the business.

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.

Whistle-blower system

All Bilia employees can anonymously report violations of the Code of Conduct or other misconduct in an external digital whistle-blower system. During the year, incident reports made in the system have been handled in accordance with the policy and the quantity is deemed to be at a normal level for comparable companies.

Nine key SDGs in the 2030 Agenda

► The 2030 Agenda and the UN's global Sustainable Development Goals are produced to end poverty, combat climate change and ensure a peaceful, inclusive world. We all need to do our part and strive to ease the transition to more sustainable environmental, social and economic development.

Bilia has reviewed the 17 Goals and the 169 Targets in the 2030 Agenda, and has identified the ones where Bilia can make a difference. Bilia focuses its sustainability work on the areas of sustainable growth, circular economy, protecting humans, fossil-free mobility, and protecting lives.

Based on these areas, Bilia has identified nine key SDGs that we are working towards. Below are examples of areas Bilia has focused on in 2021, with reference to the relevant Goals. You can read more about our work in the sections on Sustainable business and Sustainable co-workers.

► GOAL 3. Good Health and Well-Being.

Safety on the roads

► GOAL 5. Gender Equality

Equality of treatment, more women at Bilia

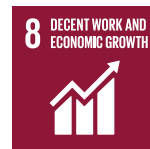
► GOAL 7. Affordable and Clean Energy

Energy storage in old batteries

Energy efficiencies

► GOAL 8. Decent Work and Economic Growth

Swedish tuition at work



► GOAL 11. Sustainable Cities and Communities

Bilia – part of the global economy

Measurement of climate impact in line with Greenhouse Gas Protocol

► GOAL 12. Responsible Consumption and Production

Customised solutions for sustainable transportation

Renovation of car parts

Used parts

► GOAL 17. Partnerships for the Goals

Member of NMC – The Swedish Association for Sustainable Business

Sustainable business

Safety on the roads



Safety in mobility is important to Bilja. We show consideration and take responsibility all the way. Regardless of whether the customer buys or leases a car, new or used, we will contribute to a safe car.

To further enhance to the vehicle's safety, we offer products for greater road safety, both for family cars and commercial traffic. The customer will find products such as child car seats, extra lights with LED bulbs, and different brands of alcohol interlock and alcohol testing devices. As a customer, you should be able to trust that Bilja's brand stands for safety on the road, both with regard to a new, used, serviced or repaired car.

Everyone in the automotive industry works daily with environmental and safety issues and their work is important for future improvements. They have a tremendous opportunity to influence the industry in the right direction. Training all employees of Bilja in sustainability issues is, therefore, one of our key goals.

To ensure the vehicle is safe, Bilja conducts brand service in a professional manner, and offers its customers e.g. service subscriptions for safer vehicles.

From research project to self-produced electricity



ECRIS started in 1994 as a joint research project involving Jönköpings Bildemontering, Volvo Cars, Stena Metall and Gotthard, and focused on concretising the then new law on car recycling.

Alongside Volvo, in 2015 ECRIS began evaluate the possibility of recycling/reusing V60 hybrid batteries. The result of this process was reuse, or battery renovation. The idea also arose to install solar panels on the company's facility, and 944 were installed in summer 2018.

Meanwhile, ECRIS was also working on an energy store consisting of used lead batteries from scrapped cars. As the storage capacity of lead batteries is not that high, interest came to focus on the lithium batteries that had started coming to the facility. This also inspired more solar panels, and in summer 2020 a further 600 were installed.

The solar energy from Jönköpings Bildemontering's 1,544 solar panels in all is stored in two E-CUBEs, which serve as a backup in the event of a power failure. With its own energy, Jönköpings Bildemontering has reduced its purchased consumption by 20 per cent and laid the foundation for expanding the operation, as the power company has reached its maximum delivery capacity.

E-CUBE is a platform that uses lithium batteries for energy storage. The batteries, which no longer have the capacity to be used in electric cars, are put into a container and linked up to become a single 300 kWh unit. The battery's life span is extended by up to 10 years when used for energy storage. E-CUBE has won an Innovation of the Year award from Almi in Jönköping County.

COP 26 – joining together to tackle climate change



Since 1995 nations, companies and organisations have been gathering at the UN Climate Change Conference so as to jointly do something about climate change. The 2021 conference, COP26 in

Glasgow, UK, was a follow-up to the 2015 meeting in Paris. In 2015, 191 nations including Sweden signed the Paris Agreement, and promised to slow down climate change and prevent the average global temperature from increasing by more than two degrees, Celsius. The science is unanimous and clear that we must halve our carbon emissions every decade from now on if we are to achieve net zero emissions by 2050.

To achieve the goals, everyone must make changes. This needs to happen on a global level, at the national, corporate and organisational levels, and at the individual level.

As a company, Bilja is a part of the global economy: what happens globally affects us, and what we do affects others. Based on its circular business model, Bilja is already doing a lot in the field of sustainability. We will continue to integrate sustainability in our business, adapt our operation, and work long-term and sustainable if we want to be ready for the requirements of the future, and the demand and needs of customers.

Conference of Parties (COP) is the UN's Climate Change Conference, where about 200 nations, companies and organisations gather to jointly limit climate change. The first international climate conference was held in 1995.

The aims of COP26 in Glasgow 2021 were, for example, to keep alive the 1.5-degree target, and that was achieved. Negotiations ran far beyond the deadline, and an agreement was eventually agreed upon:

- Fossil fuels will for the first time be named as the most important cause of climate change.
- Nations are challenged to tighten their climate goals already next year.
- Funding for climate adaptation will be doubled by 2025.

We enable sustainable transport solutions



As car dealers, we support our customers and their sustainable journey by offering sustainability adapted service and a transition to fossil-free transports. It is not always easy for business

customers to choose the right transport solution for their company, often with high demands on range and sometimes specially customised solutions. Bilja helps to find overall solutions for each customer's specific needs. Our customer Mathem has a clearly defined goal to transition to sustainable transport. The challenge has been to be able to separate the batteries that are used to run the vehicle, and the ones required to run the refrigeration and freezing system. The solution was a specially adapted Renault Master E-TECH Electric with solar panels on the vehicle's roof, which supplies the cooling and freezing system with electricity – a solution that secures both the range of the vehicle and the refrigeration/freezing process. "Our part in the collaboration is to provide the customer with an overall solution that works," says Björn Brodin, Head of Business Sales Sweden, Bilja.

Parts renovation increasingly important

We have a circular business model that enables us to influence the entire life cycle, from new car to end-of-life. In recent years the focus has been on developing new services in recycling and renovation of spare parts. As part of this strategy, during the year Bilja acquired Felgteknikk AS in Norway. There is a growing market for rim repairs, as larger, more expensive aluminium rims are more common on new cars today. This makes restoring the rim to its original condition an attractive proposi-

tion financially, but especially from a sustainability angle. The Group's aim is to repair 100,000 rims in 2025.

Member of The Swedish Association for Sustainable Business



In order to progress further in our sustainability work, we have become a member of The Swedish Association for Sustainable Business (NMC). It is a network of companies and organisations from across Sweden that want to share knowledge, experience and ideas on successful, integrated and proactive sustainability efforts.

"All employees of Bilja are members and can enjoy the benefits of NMC. The network arranges breakfast meetings, seminars, round table discussions and conferences in Stockholm, Gothenburg and Malmö, and the vast majority of the meetings are broadcast live online," says Malin Möller, Head of Sustainability at Bilja and also Chairman of NMC.

NMC is a network of companies and organisations from across Sweden that wants to share knowledge, experience and ideas on successful, integrated and proactive sustainability efforts. NMC aims to create a platform for advancing the positions of trade and industry in matters of sustainability. The network has 200 member companies, many of them large corporations.

Goal fulfillment 2021

During the year, Bilja has worked with the environmental goals for the Swedish business, as established based on the positive environmental aspects. The goals pertain to the sale of green cars, knowledge and collaboration, and energy efficiencies.

The target for sales of green cars of 2 per cent compared with last year was far exceeded, as sales increased in line with the market.

During the year, existing and new employees have continued to complete the mandatory basic environmental training. The training aims to raise environmental awareness and knowledge about how Bilja can reduce its environmental impact.

Total energy use increased by 12,665 MWh or 18 per cent during 2021, mainly related to utilisation of newly acquired businesses.

Bilja 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).

In 2021, the reported emissions of CO₂e according to the "location-based" methodology decreased by 14 percent compared with previous year. If, on the contrary, you calculate according to the "market-based" methodology, the reduction will be 4 per cent compared with previous year.

In 2021 Bilja has not measured other indirect emissions that the operations generate but do not control or own (scope 3), such as emissions from customers' vehicles.

Goals for 2022 and beyond

Sustainable businesses are key to the future not only of Bilja, but the automotive industry as a whole: without long-term sustainability efforts, there will be no future businesses or healthy planet left. We shall continue to increase awareness and competence within the organisation. The next step is to produce communication and training tailored to specific target groups.

Our circular business model will be even more circular in its individual parts. With car dismantlers in the Bilja family, a goal is to increase the use of used parts in both the repair and service operations. This goal also encompasses plastic repairs.

Bilja has a high environmental impact, which mainly comes under scope 3 through emissions from the vehicles it sells. During 2022, new short- and long-term climate goals and action plans will therefore be drafted: long-term as regards when Bilja can achieve climate neutrality, and short-term as regards how climate impact can be reduced in all three scopes.

Malin Möller, new Head of Sustainability

► Bilja's stakeholders consider sustainability to be an important issue, especially in transportation and services. Bilja wants to create sustainable solutions for the mobile human's need to move around. Bilja therefore works actively to reduce its own and its customers' climate impact and carbon footprint.

As part of its focus on sustainability, in autumn 2021 Bilja recruited a new Head of Sustainability, Malin Möller. She is responsible for Sustainability & Quality in Sweden and Sustainability at Group level. Malin has long experience of strategic sustainability, is Chair of NMC – The Swedish Association for Sustainable Business, and also active in various expert groups on sustainability.

With Malin at the forefront, Bilja will continue to focus its



Malin Möller.

effort on linking sustainability issues to the business, to ensure it becomes an integral part of the business strategy. One challenge will be to ramp up efforts to handle the transition to fossil-free vehicles, but sustainability also relates to everything from the powertrain, vehicle digitalisation and changes in the ownership structure.

"I love a challenge, and the automotive sector is undergoing an exciting transformation right now. There is so much happening, and it feels genuinely thrilling to be an active part of that development."



Sustainable personnel and social conditions



Proud, considerate employees are vital to Bilia's continued success and long-term sustainability. With this in mind, Bilia actively and systematically strives to be a responsible employer and a good corporate citizen. Bilia's leadership is an important success factor, see pages 6–7.

Zero tolerance of discrimination and harassment

For Bilia, it is important to have an inclusive work environment. All employees, regardless of background, should be included in the operation, feel empowered and work on equal terms. Key to this is a set of Bilia core values that are well-established among all employees, along with a good work environment with clear, transparent structures for dealing with any challenges or conflicts.

Based on the equal opportunities policy and Code of Conduct, Bilia works actively with zero tolerance of discrimination, for instance using equal opportunities plans and salary mapping. Bullying and harassment are not permitted at Bilia, whatever form these may take. There is zero tolerance of all forms of discrimination and harassment and cases that exist are handled directly in accordance with the policy. Questions

regarding discrimination, respect and conflicts are put to personnel in the annual employee survey, and negative results are addressed.

Bilia also works actively with the corporate culture which starts from Bilia's core values: Dedication, Competence, Genuine and Respect. The values set the tone for all attitudes and interactions, and are fundamental to creating an inclusive work environment.

Bilia also has clearly defined leadership expectations which include, for example, active work on diversity and acting in line with our values, even where this is difficult or where disrespectful behaviour is witnessed.

Bilia's procedures for 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; it is well above the benchmark and also further improved during 2021.

Gender equality enriches

Bilia strives for gender equality in its organisation, whereby men and women alike are represented in all professional categories.

We are convinced that a more even gender distribution has positive effects on both the work environment and profitability, but there is a dearth of women in the industry. Bilia is therefore running a raft of initiatives to increase the proportion of women, such as a stronger recruitment policy and regular follow-up.

The share of women amounted to 13 per cent compared to the goal of at least 20 per cent. Bilia's recruitment policy is always to call women with the right qualifications for an interview, at least one woman should be included as a final candidate in the process, and in the event of equal skills to employ the female candidate.

The most important aspect of the customer encounter is being able to see who is in front of you – an area where Zalge Lahdo, who works in sales for Bilia Toyota and was one of three nominees for Car Salesperson of the Year 2021 by Motor-magasinet and FordonsData Nordic AB, is an expert. Having joined Bilia from a role as a certified skin and spa therapist, she has a solid background in meeting and greeting customers and reading the person in front of her. In her car sales role, she never hesitates to put everything she has into ensuring her customer feels assured and welcome. Her best tip: "Be proactive and follow up on quotes, test drives and after deliveries. Some people want to contemplate, call them and ask how it's going, show you care. After delivery too, it's important to follow up so the customer gets the most out of their car purchase."

Professional development for all

All employees should have opportunities for professional development in their role. All our co-workers have regular performance appraisals with their immediate managers. The appraisals are opportunities for co-workers to discuss their role in the company, request changes, and put forward thoughts and ideas on how the individual can take on greater responsibility or other kinds of work tasks. Together, the employee and their manager arrive at a plan to promote personal development, job satisfaction and efficiency in the day-to-day work.

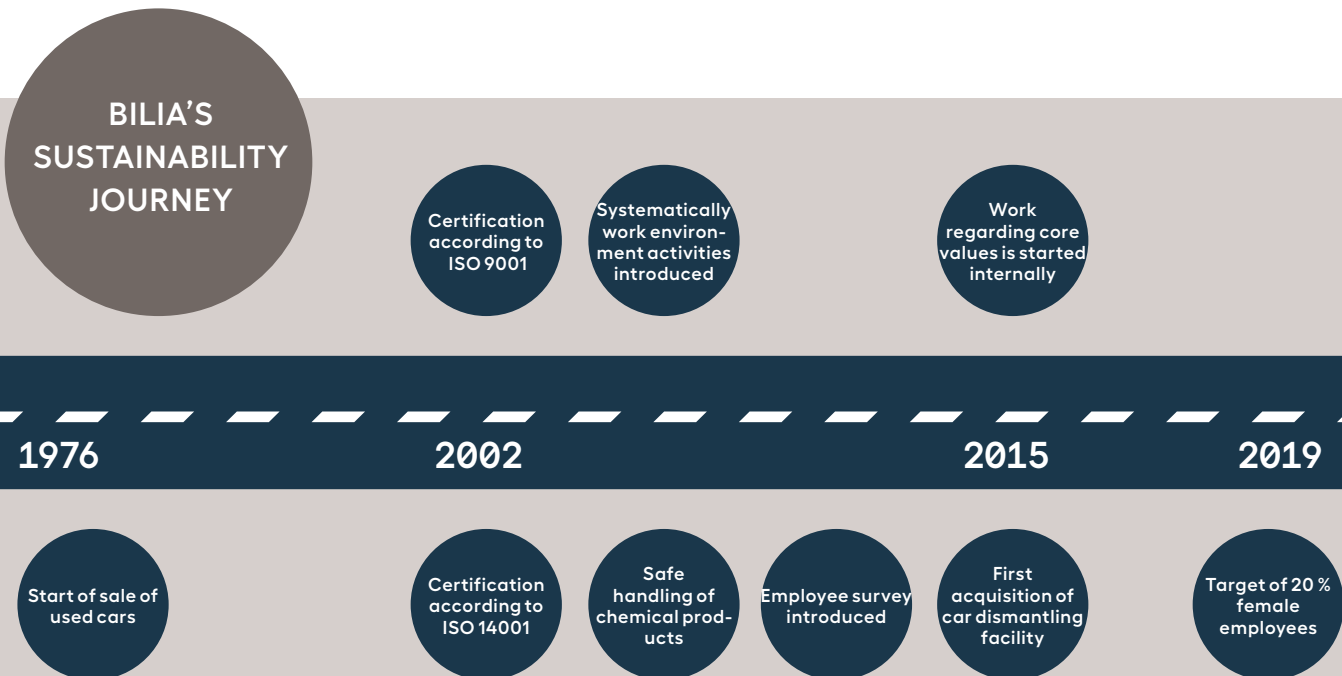
Bilia provides ongoing customised training courses aimed at target groups with different positions and training requirements. In addition, there is specially tailored training for engineers and sales personnel at several levels. Bilia has recurring and specific training courses, and there is also Group-wide leader training at all levels through Bilia Academy. Swedish employees can apply for grants from special personnel funds for professional development, which does not have to be directly related to Bilia or their job.

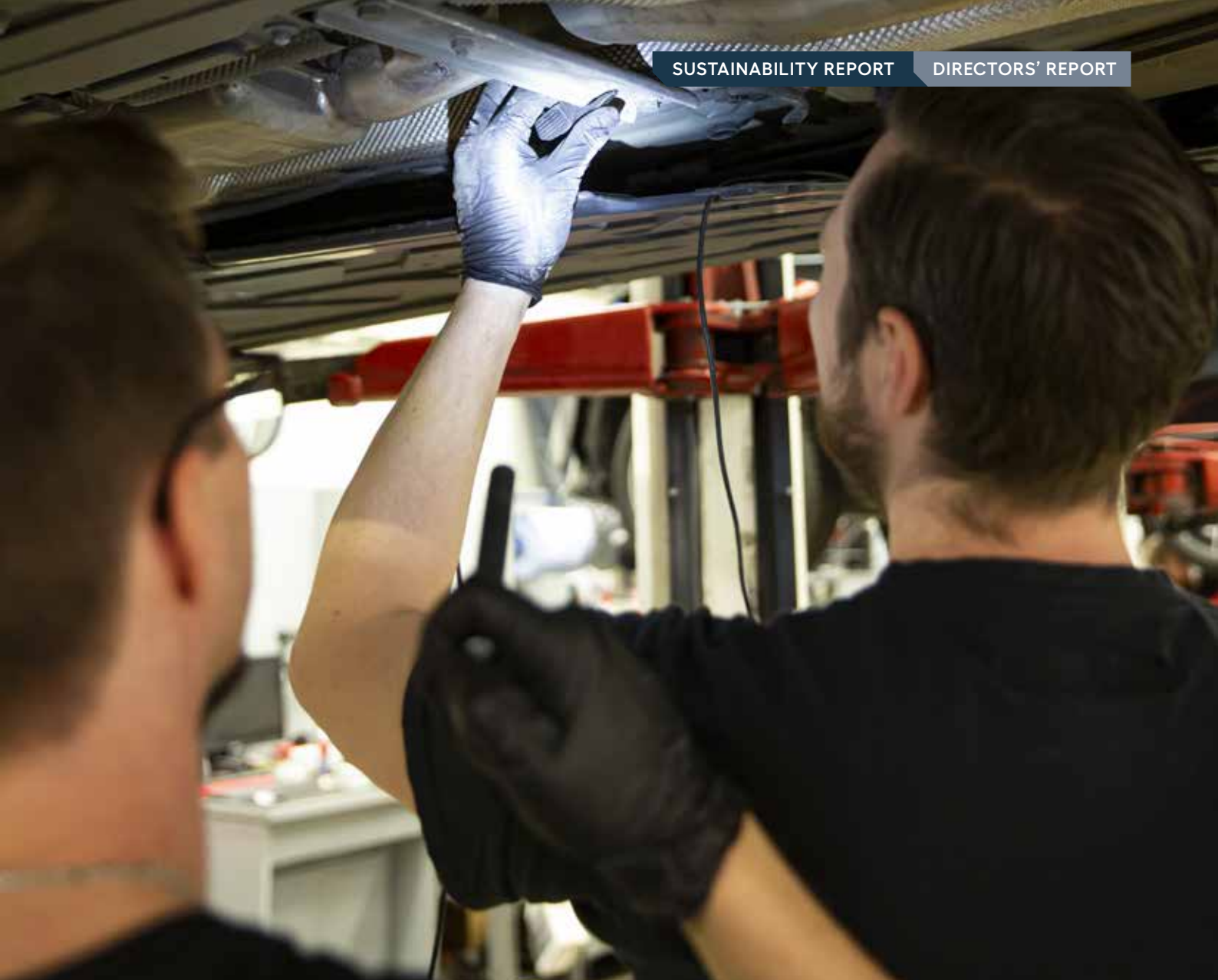
Bilia works actively to recruit people from different backgrounds, which means that many employees have varying levels of Swedish. At the same time, it is hugely important for Bilia that all employees understand and benefit from our work environment structure and safety/security guidelines. Moreover, we are convinced that being able to communicate with each other in the workplace makes for a better working climate and greater commitment. Bilia's delivery quality to customers, as well as personnel's employability both internally and externally, increases if co-workers can understand and speak the national language. This is why Bilia, in association with the Swedish Confederation of Transport Enterprises, has carried out a pilot project in 2021 with 23 participants being offered Swedish lessons during work hours.

Collaboration with schools

One challenge faced by Bilia is securing professional skills 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 business, and these programmes accepted 400 students in Sweden and Norway during 2021.





Rim repair
Battery-
storing starts

Transition to
green
electricity

Bilia has identified nine of Agenda 2030 and the UN's global Sustainable Development Goals, see page 30. The UN's global goal must be achieved by 2030.

2020

2022

2025

2030

First
installation
of solar
panels

Head of
Sustainability
starts

New
sustainability
strategy

Target of 50%
recycled
car parts

New car brands with fossil-free power trains such as Mercedes, Porsche, Nissan and XPENG

Acquisition of Toyota/Lexus – focus on hybrid cars

Safety in focus for our products

Life balance

For work to function, all of life has to function. At Bilia, we want to have a sustainable long-term relationship with our employees. We therefore strive to be receptive, and to work with the individual employee to find solutions that help both them and the company.

One example is Joline Persson Planefors, who won both a gold and a silver medal at the World Tenpin Bowling Championships in Dubai in 2021. "I'm truly grateful to have a manager who supports me so I can carry on competing in my sport," says Joline. By day Joline is a Market Coordinator in the Marketing department, and mixing elite sports with a regular job can be quite tough. "We try to support as best we can, and we think it's important people can focus on their sport," says Anna Wedin, Marketing Manager for Bilia in Sweden.

Risk assessments for a sustainable work environment



In order to reduce health and safety risks, Bilia carries out measurements and risk assessments in the work environment, assisted by consultants who are experts in different fields.

Since autumn 2019, it is compulsory to conduct medical check-ups in the event of work involving repetitive hand movements (AFS 2019:3). Due to the new requirement on medical check-ups, Bilia wants to investigate whether work involving repetitive hand movements occurs at the work-place, there-

“For work to function, all of life has to function. At Bilia, we want to have a sustainable long-term relationship with our employees.”

fore in 2021 participated in a study by AMM Syd (a health and safety research and analysis body in southern Sweden). The study showed that loads did not exceed the action levels. The car engineers who took part in the study performed a job which included a high percentage of customer contact and computer work. This meant that the more demanding work tasks, such as replacing pads for a car boot were compensated when calculating the load of a day. The study shows that a combination of more physical work tasks and computer work/customer contact is positive for the physical loads across a work day.

Bilia has 2,205 unique chemical products. It is important that the chemical products we use have as low a negative impact as possible, both on the work environment and the external environment. During 2021, we have completed risk assessments on all chemical products in Bilia's chemical management system, iChemistry. The risk assessments were conducted in accordance with AFS 2011:19 and AFS 2018:1.



EU's green taxonomy

► The EU green taxonomy, EU 2020/852 (Taxonomy) entered into force in July 2020 and is a joint classification system and a tool to help investors identify and compare environmentally sustainable investments to achieve the EU's climate goals and objectives within the EU's green growth strategy. The taxonomy is a framework for deciding which economic activities are to be considered environmentally sustainable.

Bilia's operations consist of sales of cars and accessories as well as service and maintenance of these products. Bilia's sales of products are not covered by the activities classified as part of the Taxonomy, but the scope is limited to Bilia's Service Business with additions to Bilia's car rental business that is part of Bilia's Car Business. For a description of Bilia's Service Business and Car Business, see pages 18–21. The activities that are considered to be covered by the Taxonomy Annex 1 fall under section 3.3 Manufacture of low-carbon technologies for transport (Manufacture, repair, maintenance, retro fitting, repurposing and upgrade of low carbon transport vehicles, rolling stock and vessels) and section 6.3 Urban and suburban transport, road

passenger transport (Purchase, financing, leasing, rental and operation of urban and suburban transport vehicles for passengers and road passenger transport).

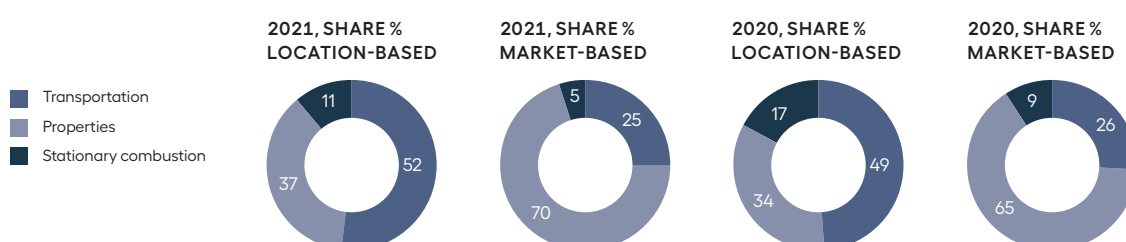
The identified activities are organised and followed up as separate profit areas, which is why turnover, operating costs and investments in fixed assets are available for these activities in the operational financial reporting. None of the activities is therefore considered to be double-counted in the production of the financial information. **Turnover** are the part of net turnover that relates to products or services, see Note 2 on page 58. **Operating costs** reported based on the Taxonomy's definition, i.e. direct non-capitalised costs attributable to renovation of buildings, short-term leases, maintenance and repairs and direct costs attributable to current maintenance of assets. **Capital expenditures** are purchases of intangible assets and property, plant and equipment during the year, see Note 14 pages 73–76 and Note 15 pages 77–79. Investments through acquisitions of operations are included, see Note 5 pages 62–63. Investments in goodwill are not included.

	All operations Bilia, SEK M	Percentage of operations covered by the taxonomy	Percentage of operations not covered by the taxonomy
Net turnover	35,509	17	83
Operating costs	872	39	61
Capital expenditures	2,607	21	79

Climate data

Tonnes CO ₂ e	2021	2020
Direct emissions from the operations (scope 1)	7,706	9,313
Indirect emissions from purchased energy, (scope 2 location-based)	4,457	4,803
Total emissions (scope 1 + scope 2, location-based)	12,163	14,116
Indirect emissions from purchased energy, (scope 2 market-based)	17,766	17,112
Total emissions (scope 1 + scope 2, market-based)	25,472	26,425

Tonnes CO ₂ e – distribution	2021		2020		Components
	Total emissions, location-based	Total emissions, market-based	Total emissions, location-based	Total emissions, market-based	
Transportation	6,322	6,322	6,975	6,975	Internal transportation of cars or goods, employee car travel
Properties	4,457	17,766	4,803	17,112	Electricity and district heating
Stationary combustion	1,384	1,384	2,338	2,338	Energy sources other than electricity and district heating
Total	12,163	25,472	14,116	26,425	



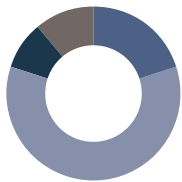
Environmental aspects

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

Performance measures employees

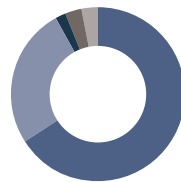
► Proud and considerate employees are a prerequisite for Bilja to remain sustainable and successful in the long term. With this in mind, the Group pursues an active and systematic personnel policy with the aim of being a responsible employer and a good corporate citizen. Bilja respects freedom of association and signs collective agreements.

DISTRIBUTION OF EMPLOYEES BY FUNCTION, %



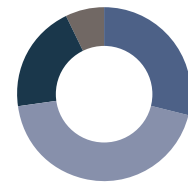
Sales	20
Workshop	60
Spare parts	9
Administration	11
Fuels	0

DISTRIBUTION OF EMPLOYEES BY COUNTRY, %



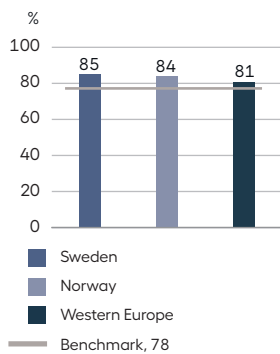
Sweden	66
Norway	26
Germany	2
Luxembourg	3
Belgium	3

AGE STRUCTURE, EMPLOYEES, %

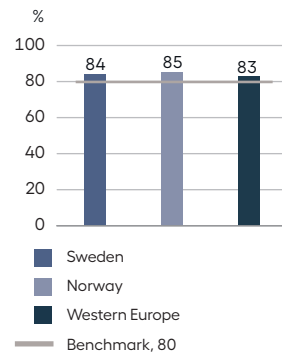


≤29 yrs	29
30-49 yrs	44
50-60 yrs	20
≥61 yrs	7

LEADERSHIP, INDEX



EMPLOYEE DEDICATION, INDEX



Performance measures

	2021	2020	2019
Average number of employees ¹⁾	4,385	4,097	4,298
Turnover per average number of employees, KSEK	8,098	7,363	6,866
Value added per average number of employees, KSEK	1,302	1,142	1,032
Profit before tax per average number of employees, KSEK	417	308	236
Average age	40	40	39

¹⁾ Full-time employees (FTE).

Corporate Governance Statement

CORPORATE GOVERNANCE. Bilia AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Large Cap (since January 2022, Mid Cap before that). The company applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the year 2021.

► 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 2021 financial year. Bilia complies with the rules of the Code and there was no deviations from the Code's rules in 2021.

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 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.

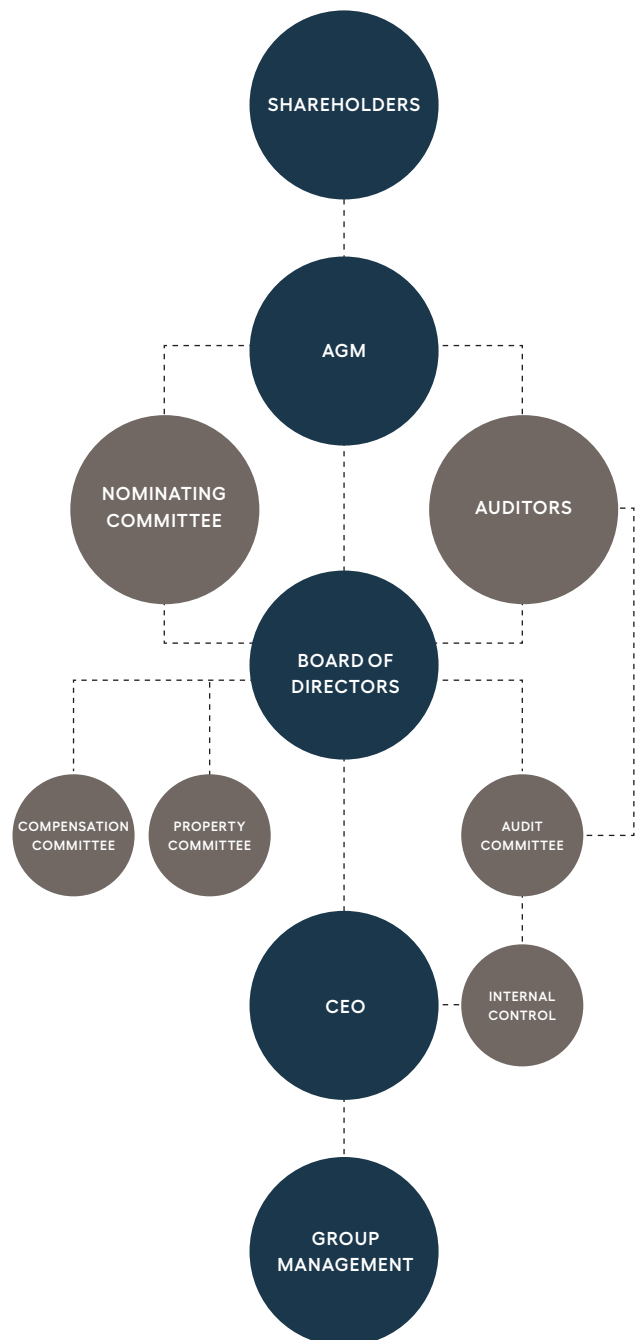
Shareholders

At the end of 2021 Bilia had 31,722 shareholders. Bilia's largest shareholder is Mats Qviberg and family, whose holding amounted to 12.9 per cent on 31 December 2021. The next-largest shareholders at year-end were Investment AB Öresund, State Street Bank and Trust Co, W9 and Bilia AB/Repurchased own shares whose holdings amounted to 9.6, 8.5 and 6.8 per cent respectively. The proportion of institutional ownership amounted to 7.6 per cent (7.7) and the proportion of foreign ownership was 30.9 per cent (32.5).

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

BILIA'S CORPORATE GOVERNANCE



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 2021 AGM

The 2021 AGM was held on 27 April 2021. To reduce the risk of spreading COVID-19, Bilia decided to conduct the meeting with no physical attendance of shareholders, proxies or outside parties, so that voting rights could only be exercised by voting in advance, known as postal voting. A total of 230 shareholders were represented at the meeting, who jointly represented 49.3 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. The minutes from the AGM can be found on Bilia's website, 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 2020 financial year in the Annual Report,
- dividend in accordance with the Board proposal of SEK 6 per share for the 2020 financial year, allocated across two disbursements,
- granting discharge from liability for the Board's members and the Managing Director for the 2020 financial year,
- re-election of all Board members,
- re-election of Mats Qviberg and Jan Pettersson as Chairman of the Board and Deputy Chairman respectively,
- determining remuneration for the Board and auditors,
- election of PricewaterhouseCoopers AB as the company's new auditor for the period up until the end of the 2022 AGM,
- approval of the Board's remuneration report,
- amendment of the Articles of Association,
- institution of a long-term incentive programme,
- 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, 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 2021 AGM, Bilia's Nominating Committee, appointed in October 2020, comprised 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 Oliw, representative of Anna Engebretsen with family, and Suzanne Sandler, representative of Handelsbanken Fonder.

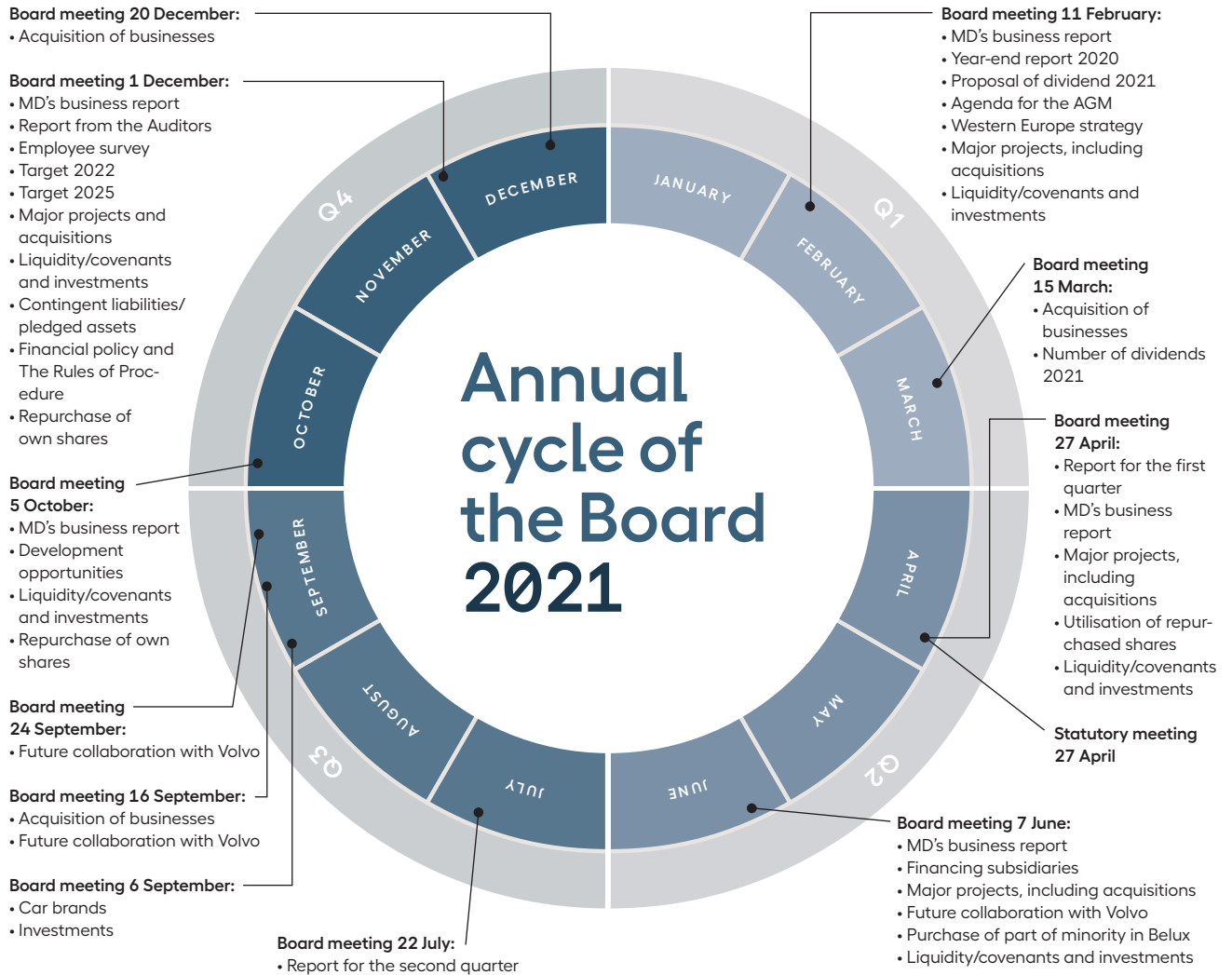
Every year the Nominating Committee evaluates the Board and its work. The Committee then prepares a proposal for a new Board and proposals for remuneration for the Board, proposals that are submitted in connection with the notice to attend the upcoming AGM. Ahead of the 2021 AGM, the Nominating Committee proposed the re-election of all Board members. The Nominating Committee's motivating statement ahead of the 2021 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 2021 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 2022 AGM, comprises Tim Floderus (Chairman of the Nominating Committee), representative of Investment AB Öresund, Mats Qviberg, in his capacity as Chairman of the Board of Bilia AB, Sofia Olsson, representative of Anna Engebretsen with family, Katarina Hammar, representative of Nordea Investment Funds, and Emilie Westholm, representative of Folksam.

Shareholders who wish to submit proposals for Bilia's Nominating Committee in 2022 can contact the Committee by e-mail at nominering@bilia.se.

BOARD OF DIRECTORS

Board members	Attendance at board meetings, %	Attendance at committee meetings, %	Independent in relation to the company and the Group management	Independent in relation to the company's major shareholders	Number of shares
Elected board members					
Mats Qviberg, chairman	100	—	Yes	No	13,219,389
Jan Pettersson, deputy chairman	100	—	Yes	Yes	1,200,000
Ingrid Jonasson Blank	100	—	Yes	Yes	40,000
Gunnar Blomqvist	100	100	Yes	Yes	75,598
Anna Engebretsen	100	—	Yes	No	5,170,360
Eva Eriksson	100	100	Yes	Yes	5,000
Mats Holgersson	100	100	Yes	Yes	22,440
Nicklas Paulson	100	100	Yes	No	2,000
Jon Risfelt	100	100	Yes	Yes	26,415
Employee representation					
Patrik Nordvall	100	—	Employee		504
Dragan Mitrasinovic	100	—	Employee		28
Anders Bejmar	95	—	Employee		100
Isak Ekblom	79	—	Employee		—



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 2021 AGM, the registered public audit firm PricewaterhouseCoopers AB was elected as the company's new auditor, with Authorised Public Accountant Fredrik Göransson as the auditor in charge. The current mandate period runs up to the end of the 2022 AGM. The auditors report the findings of their inspection to the Audit Committee and the Board. In addition to regular auditing assignment, PricewaterhouseCoopers 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 to 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. In 2021, Bilia's Board comprised nine members elected by the AGM. The Managing Director and the CFO participate in the Board meetings, the latter also as 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 are established annually at the Statutory meeting and The Rules of Procedure are established annually at the Board meeting in December. The current rules of procedure state that the Board should have at least five ordinary meetings between each AGM, including the Board meeting following election. The rules of procedure 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 2021 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 are shown in the table on page 40. Other assignments in other companies are shown in the presentation of Board members on pages 44-45.

The work of the Board in 2021

The Board of Directors held its Board meeting following election on 27 April 2021 and a total of 19 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 future collaboration with Volvo in Sweden and Norway as well as future operations in Germany. During the year, the Board devoted significant time to discussing trends and events in the industry, such as new players and car brands, changing sales channels and business models, new technology and electrification and its impact on Bilia's operations today and in the future. The work of the Board was conducted in accordance with the illustration above.

Board subcommittees

Compensation Committee

In 2021, Bilia's Compensation Committee comprised the Board members Nicklas Paulson (Chairman), Eva Eriksson and Gunnar Blomkvist. The Compensation Committee's members are independent in relation to the company and the executive management.

The Committee held five minuted meetings in 2021 and also had ongoing informal contact. The members' attendance at committee meetings is reported in the table on page 40. 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 four years. 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 2021, Bilia's Audit Committee comprised the Board members Jon Risfelt (Chairman), Mats Holgerson and Gunnar Blomkvist.

The Committee held five minuted meetings and also had informal contact between the meetings as necessary in 2021. The members' attendance at committee meetings is reported in the table on page 40. The company's auditors took part in four 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 and the effectiveness of the company's internal control and risk management, and ensuring 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 the preparation of proposals to the AGM on decisions on the election of auditors and fees regarding the audit.

The following matters were also discussed in 2021, among others: risk analysis for the Group's operations, insurance issues, IT security, impairment testing of intangible assets, effects of the sale of Volvo facilities in Sweden and Norway and BMW/MINI facilities in Germany, acquisition of new operations, guaranteed residual values, buy-back of own shares, internal control issues and observations from the new auditor's review of Bilia.

Property Committee

In 2021, Bilia's Property Committee consisted of Eva Eriksson (Chairman) and Gunnar Blomkvist. The Committee held two minuted meetings and also had informal contact between the meetings as necessary in 2021. The members' attendance at committee meetings is reported in tables on pages 40. 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.

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 whether 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.

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.



Group Management

Per Avander is the Managing Director and CEO of Bilia and he leads Bilia's day-to-day operations. The Managing Director is responsible for implementing and ensuring implementation of the strategies, business plans and operational goals decided by the Board of Directors. The Managing Director 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 and company's financial position and development.

The Managing Director is assisted by the Group Management, which comprises managers of business areas and functions. At the end of 2021 the Group Management comprised, in addition to the MD and CEO: Stefan Nordström (Deputy MD), Elin Delvert (HR Director), Kristina Franzén (CFO), Frode Hebnes (MD of Bilia Norge AS), Magnus Karlsson (CIO of Bilia Group and CEO of Motorit AB), Mathias Nilsson (MD Bilia Personbilar AB) and Anders Rydheimer (Director of Business Development and Communication). The Group Management held five meetings in 2021. The meetings mainly focused on the Group's strategic and operational development as well as on budget follow-up and quality issues.

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

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, determines, along with other considerations, the focus of the internal control.

Internal control work

As a complement to managerial responsibility and other control procedures, Bilia has a function for risk management that includes internal control and internal audit work. The result of the audit is reported directly to Bilia's CFO and the Audit Committee. The audit plan is approved annually in February by the Audit Committee. The plan's effectiveness is assessed continuously throughout the year and any necessary changes are approved by the Audit Committee.

Work to secure 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 can be found at bilias.com.

Board of directors



Mats Qviberg

Born 1953. Chairman.
Elected 2003.

Education: M.Sc. in Business Administration from the Stockholm School of Economics.
Work experience: SEB, Carnegie.
Posts 2021: Chairman of Investment AB Öresund. Deputy Chairman of Fabege AB.
Number of shares: 13,219,389 ¹⁾



Jan Pettersson

Born 1949. Deputy Chairman.
Elected 2003.

Education: Degree in economics from Stockholm University 1973.
Work experience: Active in the automotive industry, Kinnevik Group, MD of Toyota and Svenska Motor AB, MD and CEO, Bilia AB.
Posts 2021: Chairman of Active Driving AB and Trosta Park AB.
Number of shares: 1,200,000 ²⁾

¹⁾ With family.

²⁾ 1,020,000 shares are endowment insurance and 180,000 are directly registered, with family.

A total of 19 Board meetings were held during 2021; one statutory meeting, five ordinary meetings, six extra meetings plus seven meetings by correspondence. Composition of the Board of Directors and all holdings in Bilia AB as of 31 December 2021. See also Group Note 8 "Employees, personnel costs and remunerations for senior officers".

Auditors

PricewaterhouseCoopers AB was elected as the Group's public audit firm by the 2021 AGM for the period up until the 2022 AGM.

Fredrik Göransson, born 1973, Authorised Public Accountant. Auditor in charge at Bilia since 2021.



Mats Holgerson

Born 1953. Board member.
Member of the Audit Committee.
Elected 2006.

Education: M.Sc. in Business Administration from the Stockholm School of Economics.
Work experience: MD Statoil Norge, Statoil Detaljhandel Skandinavia and Menigo Foodservice and Chief Operating Officer ICA AB.
Posts 2021: Member of the boards of Trophi Fastighets AB and Nordward Seafood Holding AB.
Number of shares: 22,400.



Nicklas Paulson

Born 1970. Board member.
Chairman of the Compensation Committee
Elected 2018.

Education: M.Sc. in Business Administration from the Stockholm University.
Work experience: Carnegie, Alfred Berg, ABN AMRO and Swedbank.
Posts 2021: MD of Investment AB Öresund. Member of the board of Ovzon AB.
Number of shares: 2,000.



Jon Risfelt

Born 1961. Board member.
Chairman of the Audit Committee.
Elected 2003.

Education: CM.Eng. in Chemical Engineering, Royal Institute of Technology.
Work experience: Ericsson, SAS, American Express, Nyman & Shultz, Europolitan and Gambro Renal.
Posts 2021: Chairman of Knowit AB, CAB Group AB and Axentia Group Holding AB. Member of the boards of Boule Diagnostics AB and Projektengagemang AB.
Number of shares: 26,415.



Ingrid Jonasson Blank

Born 1962. Board member. Elected 2006.

Education: M.Sc. in Business Administration from the School of Business, Economics and Law in Gothenburg.
Work experience: Active in the ICA Group, most recently as deputy MD of ICA Sverige AB.
Posts 2021: Member of the board of Musti Group Oy, Orkla ASA, Kjell Group AB, Haypp Group Oy, Forenom Group Oy, Aim Apparel AB, Citygross AB and Astrid Lindgren AB.
Number of shares: 40,000.



Gunnar Blomkvist

Born 1955. Board member. Member of the Compensation, Property and Audit Committees. Elected 2017.

Education: M.Sc. in Business Administration from the School of Business, Economics and Law in Gothenburg.
Work experience: Employed by Bilja AB, most recently as CFO.
Posts 2021: —
Number of shares: 75,598.



Anna Engebretsen

Born 1982. Board member. Elected 2010.

Education: M.Sc. in Business and Economics, Norwegian School of Management in Oslo.
Work experience: OMD (Omnicom Media Group) and Skistar AB.
Posts 2021: Member of the boards of Investment AB Öresund and MQ MarQet AB.
Number of shares: 5,170,360 ¹⁾.



Eva Eriksson

Born 1959. Board member. Chairman of the Property Committee and member of the Compensation Committee. Elected 2019.

Education: M. Eng, Royal Institute of Technology.
Work experience: Kungsfiskaren Bygg & Fastighets AB, Föreningsbanken AB, JM AB, Norgani Hotels ASA.
Posts 2021: Member of the board of OBOS, Norway.

Number of shares: 5,000.



Dragan Mitrasinovic

Born 1958. Employee representative. Elected 2005. Appointed by the LO (Swedish Trade Union Confederation) locals in the Bilja Group.

Education: Vocational training in automotive technology.
Work experience: Employed by Bilja AB.
Posts 2021: Shop steward of Bilja's local branch in Stockholm and car mechanic.
Number of shares: 28.



Patrik Nordvall

Born 1967. Employee representative. Elected 2004. Appointed by the PTK (Federation of Salaried Employees in Industry and Services) locals in the Bilja Group.

Education: Process engineering studies and IHM Business School Senior.
Work experience: Employed by Bilja AB.
Posts 2021: Shop steward for Unionen at Bilja and Property management developer.
Number of shares: 504.



Anders Beijmar

Born 1960. Deputy employee representative. Elected 2016. Appointed by the PTK locals in the Bilja Group.

Education: —
Work experience: Employed by Bilja AB. Eneqvist bil AB.
Posts 2021: Shop steward for Ledarna at Bilja Personbilar AB, as well as Ledarna lokala klubben Stockholm. Member of the board of Teknik & Motor Öst and the main board of Teknik & Motor.
Number of shares: 100



Isak Ekblom

Born 1988. Deputy employee representative. Elected 2016. Appointed by the LO locals in the Bilja Group.

Education: Auto body technician, Motorbranschens Tekniska Gymnasium.
Work experience: Employed by Bilja AB. Position of trust at IF Metall.
Posts 2021: Shop Steward for IF Metall Gothenburg. Member of the board of ABF Sydvästra Götaland.
Number of shares: —



Per Avander

Born 1961. Managing Director and CEO, Bilia AB.

Education: School of economics graduate.

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. MD of Bilia AB since 2011.

External posts 2021: Member of the board of Volvofinans Bank AB.

Number of shares: 70,000.



Stefan Nordström

Born 1966. Deputy Managing Director, Bilia AB.

Education: School of economics graduate, IFL.

Work experience: Employed by Bilia AB since 1986. Deputy MD of Bilia AB since 2016

External posts 2021: —
Number of shares: 29,500.



Elin Delvert

Born 1971. HR Director, Bilia AB.

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

Work experience: 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 as HR Director since 2018.

External posts 2021: Member of the board of MAF.

Number of shares: 4,500.



Kristina Franzén

Born 1966. CFO, Bilia AB.

Education: M.Sc. in Business Administration from Högskolan i Växjö.

Executive MBA from the School of Business, Economics and Law in Gothenburg.

Work experience: PriceWaterhouse 1989–1993, Arthur Andersen 1993–1996, AB SKF 1996–2017. Employed by Bilia as CFO since 2017.

External posts 2021: —
Number of shares: 11,500.



Frode Hebnes

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

Education: Graduate of Norwegian School of Marketing.

Work experience: Volvo Personbilar Norge 1997–2001, Volvo Car Corporation Göteborg 2001–2004, Volvo Personbilar Norge AS 2004–2006. Employed by Bilia Norge AS since 2006. MD since December 2008.

External posts 2021: Member of the boards of Expon AS, Expon Holding AS and My Private Label AS and Norges Bilbransjeforbund.

Number of shares: 8,000.



Magnus Karlsson

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

Education: Systems architect at University of Borås.

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

External posts 2021: —
Number of shares: 4,289.



Mathias Nilsson

Born 1971. MD Bilia Personbilar AB.

Education: High school vehicle engineering, management training.

Work experience: Various positions at Din Bil 1989–2007, MD Möller Bil 2007–2011, senior regional and corporate management positions at Bilia since 2011. MD of Bilia Personbilar AB since 2016.

External posts 2021: —
Number of shares: 2,600.



Anders Rydheimer

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

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

Work experience: 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 2021: Member of the boards of Newsh AB, Rulla Mobilitet AB, VH System AB and Dahlqvist Bil AB.

Number of shares: 7,000.

The Group Management 31 December 2021 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 2021.

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Consolidated Statement of Income and Other Comprehensive Income

SEK M	Note	2021	2020
Net turnover	2, 3, 4, 5	35,509	30,168
Cost of goods sold	3, 5, 10, 18	-29,499	-25,168
Gross profit		6,010	5,000
Other operating income	6	39	19
Selling expenses	10	-3,368	-2,828
Administrative expenses	9, 10	-692	-679
Other operating expenses	7, 10	-64	-148
Operating profit	4, 8, 27	1,925	1,364
Financial income		5	3
Financial expenses		-155	-153
Profit from shares in associated companies	17	55	46
Net financial items	11	-95	-104
Profit before tax		1,830	1,260
Tax	12	-373	-276
Net profit for the year		1,457	984
Other comprehensive income			
<i>Items that can be reclassified to profit or loss</i>			
Translation differences attributable to foreign operations		77	-93
Other comprehensive income after tax		77	-93
Comprehensive income for the year		1,534	891
Net profit for the year attributable to Parent Company's shareholders		1,457	984
Comprehensive income for the year attributable to Parent Company's shareholders		1,534	891
Basic earnings per share, SEK	13	14.90	9.85
Diluted earnings per share, SEK	13	14.90	9.85

Comments on Consolidated Statement of Income and Other Comprehensive Income

Net turnover

Net turnover amounted to SEK 35,509 M (30,168), an increase by 18 per cent. Adjusted for comparable operations and exchange rate fluctuations, net turnover increased by 10 per cent compared with last year. Net turnover was positively impacted from exchange rate fluctuations by SEK 75 M, mainly Norwegian kroner.

Net turnover in the **Service Business** increased by 12 per cent attributable to newly acquired businesses and amounted to SEK 7,812 M (6,971). Adjusted net turnover increased by 1 per cent (1). In Sweden and Western Europe the adjusted turnover was unchanged while it increased in Norway by 4 per cent.

Net turnover in the **Car Business** increased by 20 per cent to a total of SEK 28,335 M (23,616). Net turnover, for comparable operations and exchange rates, increased by 12 per cent. In Sweden underlying turnover increased by 4 per cent, in Norway by 33 per cent and in Western Europe by 5 per cent. Income from supplementary services in the form of financing increased by 6 per cent to SEK 687 M (646). Income from long-term leases increased by SEK 12 M and commission from finance companies increased by SEK 29 M.

Net turnover in the **Fuel Business** increased by 15 per cent to a total of SEK 1,252 M (1,093). The entire increase was attributable to Sweden.

Operating profit

Operating profit for the Group increased by SEK 561 M or 41 per cent and amounted to SEK 1,925 M (1,364).

Operational earnings increased by 34 per cent to total SEK 2,142 M (1,593), the margin amounted to 6.0 per cent (5.3).

Results analysis, SEK M	2021	2020
Operational earnings	2,142	1,593
Structural costs etc.	-39	-136
Acquisition-related costs and value adjustments	-12	—
Amortisation/impairment losses of surplus values	-166	-93
Operating profit	1,925	1,364

Restructuring costs during 2021 were attributable to costs for the sale of the remaining four facilities in Germany and costs for staff reductions. Structural costs in 2020 is mainly attributed to Volvo Cars' termination of Bilja's dealer agreements, the closure of three of a total of seven facilities in Germany, costs for severance solutions in Sweden, Norway and Western Europe, and the relocation of an operation in Sweden. The costs related to Volvo Cars' termination of the dealer agreements was an initial assessment of the costs for restructuring our operations.

Acquisition-related expenses and value adjustments relate to costs for acquiring operations. Amortisation and impairment losses of surplus values in 2021 includes a write-down of intangible assets in Norway amounting to SEK 35 M.

During the year financial support for furloughs of SEK 2 M has been received in Western Europe. During 2020 support for 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 2020 in Sweden and Norway regarding sick pay and social security contributions, which reduced personnel expenses by SEK 17 M.

Operational earnings in the Swedish operation totalled SEK 1,418 M (1,178) with a margin of 6.9 per cent (6.4). In Norway earnings increased by SEK 313 M to SEK 757 M (444) with a margin of 6.7 per cent (5.5). In Western Europe earnings increased to SEK 79 M (41) with a margin of 2.1 per cent (1.1).

Operating profit for the Parent Company totalled SEK -113 M (-76) and was adversely affected by SEK 23 M in the revaluation of endowment insurances for pensions compared with the previous year.

Operational earnings for the **Service Business** increased to SEK 1,279 M (1,157), an increase of 11 per cent. The increase was mainly attributable to acquired operations. The margin for the Service Business amounted to 16.4 per cent (16.6).

Operational earnings for the **Car Business** increased by SEK 461 M and amounted to SEK 938 M (477). 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 573 M (297), which by far was the highest result ever. The Car Business' margin increased to 3.3 per cent (2.0). Deliveries of new cars for comparable units increased by 6 per cent and deliveries for used cars increased by 2 per cent. Order intake for new cars adjusted for acquired operations increased by 17 per cent. The order backlog for new cars amounted to 22,775 cars (13,458) at year-end. Adjusted for acquired operations the order backlog was about 7,300 cars higher compared to last year.

Operational earnings for the **Fuel Business** totalled SEK 37 M (29). The improvement was mainly due to a higher net turnover.

Net financial items

Net financial items amounted to SEK -95 M (-104). The improvement compared to last year was mainly due to higher result from shares in associated companies, slightly lower net interest and positive currency effects.

Tax for the year

Tax for the year increased by SEK 97 M to a total of SEK -373 M (-276), and the effective tax rate was 20 per cent (22).

Profit for the year

Profit for the year totalled SEK 1,457 M (984). This equates to earnings per share of SEK 14.90 (9.85) based on the average number of outstanding shares. The profit margin was 4.1 per cent (3.3).

Consolidated Statement of Financial Position

SEK M	Note	31/12/21	31/12/20
Assets	5, 25, 28		
Non-current assets			
Intangible assets	14		
Intellectual property		1,003	557
Goodwill		1,175	812
Total intangible assets		2,178	1,369
Property, plant and equipment	15		
Land and buildings		1,010	900
Construction in progress		26	48
Equipment, tools, fixtures and fittings		610	483
Leased vehicles		2,851	2,781
Right-of-use assets	16	3,686	2,649
Total property, plant and equipment		8,183	6,861
Interests in associated companies	17	524	468
Other financial assets		9	10
Deferred tax assets	12	171	131
Total non-current assets		11,065	8,839
Current assets			
Inventories	18	3,781	3,743
Current tax assets	12	53	70
Trade receivables	26	1,077	1,233
Prepaid expenses and accrued income	19	297	251
Other receivables	26	173	217
Cash and cash equivalents	26, 31	754	2,063
Total current assets		6,135	7,577
Total assets	4	17,200	16,416

Consolidated Statement of Financial Position

SEK M	Note	31/12/20	31/12/19
Equity and liabilities	5, 25, 28		
Equity			
Share capital		257	257
Other contributed capital		167	167
Reserves		8	-69
Retained earnings including net profit for the year		3,985	3,613
Total equity		4,417	3,968
Non-current liabilities			
Bond issue	20, 26	1,296	1,292
Non-current interest-bearing liabilities	20, 26	3,298	2,339
Other non-current liabilities	23	1,663	1,510
Other provisions	22	287	330
Deferred tax liabilities	12	606	446
Total non-current liabilities		7,150	5,917
Current liabilities			
Bond issue	20, 26	—	130
Current interest-bearing liabilities	20, 26	932	1,096
Trade payables	26	1,435	2,224
Current tax liabilities		275	183
Other liabilities	23, 26	1,635	1,708
Accrued expenses and deferred income	24	1,351	1,165
Other provisions	22	5	25
Total current liabilities		5,633	6,531
Total liabilities		12,783	12,448
Total equity and liabilities	4	17,200	16,416

Pledged assets and contingent liabilities for the Group, see Note 29.

Comments on the Consolidated Statement of Financial Position

Financial position

The consolidated balance sheet total increased by SEK 784 M and amounted to SEK 17,200 M (16,416). The increase was mainly attributable to acquired operations.

Financing

Net debt increased during the year by SEK 1,919 M and amounted to SEK 4,252 M (2,333). The increase is primarily explained by higher lease liabilities, attributable to new rental contracts, acquisitions of operations and the buy-back of shares. Excluding lease liabilities attributable to IFRS 16, net debt amounted to SEK 582 M, an increase of SEK 860 M since December 2020. The ratio of net debt to EBITDA excluding IFRS 16 was 0.2 times compared with -0.2 times (minus due to positive net debt) at the end of the year.

Liquidity remained good, and at the end of the period a receivable of SEK 550 M (1,824) was reported from the banks (Nordea and DNB). Bilia's combined credit limit with Nordea and DNB amounts to SEK 1,500 M.

Equity

Equity increased by SEK 449 M during the year and amounted to SEK 4,417 M. A dividend of SEK 587 M has been paid to shareholders. During the year, 3,552,839 shares were bought back for a total purchase price of SEK 517 M. On acquiring operations, 309,202 own shares valued at SEK 45 M were used as part payment, and 106,557 own shares were distributed to participants in Bilia's share savings programme from 2018. Following the buy-back and utilisation of own shares, the total number of own shares on 31 December 2021 was 7,023,290. These repurchased shares were acquired at an average price of SEK 118 per share.

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

Performance measures

Return on capital employed amounted to 20.5 per cent (16.7). Return on equity amounted to 33.8 per cent (27.5). The Group's target is 18.0 per cent. The equity/assets ratio amounted to 25.7 per cent (24.2). Equity per share before dilution amounted to SEK 46 (40) based on 95,776,662 outstanding shares (98,913,724).

Consolidated Statement of Changes in Equity

SEK M	Share capital	Other contributed capital	Reserves, translation reserve	Retained earnings incl. net profit for the year	Total equity
Opening equity 1 Jan. 2020	257	167	24	2,738	3,186
Comprehensive income/loss for the year					
Net profit for the year	—	—	—	984	984
Other comprehensive income/loss after tax	—	—	-93	—	-93
Comprehensive income/loss for the year	—	—	-93	984	891
Transactions with the Group's owners					
Incentive	—	—	—	3	3
Buy-back of own shares	—	—	—	-122	-122
Revaluation of put option	—	—	—	10	10
Total transactions with the Group's owners	—	—	—	-109	-109
Closing equity 31 Dec. 2020	257	167	-69	3,613	3,968

Opening equity 1 Jan. 2021	257	167	-69	3,613	3,968
Comprehensive income/loss for the year					
Net profit for the year	—	—	—	1,457	1,457
Other comprehensive income/loss after tax	—	—	77	—	77
Comprehensive income/loss for the year	—	—	77	1,457	1,534
Transactions with the Group's owners					
Incentive	—	—	—	4	4
Buy-back of own shares	—	—	—	-517	-517
Revaluation of put option	—	—	—	-30	-30
Use of shares in own custody as payment for acquisition of operations	—	—	—	45	45
Dividend (SEK 6:00 per share)	—	—	—	-587	-587
Total transactions with the Group's owners	—	—	—	-1,085	-1,085
Closing equity 31 Dec. 2021	257	167	8	3,985	4,417

Comments on the Consolidated Statement of Changes in Equity

Share capital

The number of issued shares amounts to 102,799,952. During the year, repurchases were made of 3,552,839 shares and the total number of own shares amounted to 7,023,290.

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".

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.

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.

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. The proposed dividend in 2020 of SEK 5.25 per share was withdrawn due to regulations related to the COVID-19 pandemic.



Consolidated Statement of Cash Flows

SEK M	Note	2021	2020
Operating activities	31		
Profit before tax		1,830	1,260
Depreciation/amortisation and impairment losses		1,365	1,188
Other items not affecting cash		-197	106
Tax paid		-309	-221
Cash flow from operating activities before change in working capital		2,689	2,333
Change in inventories		378	707
Change in operating receivables		443	180
Change in operating liabilities		-1,523	-65
Cash flow from operating activities		1,987	3,155
Investing activities			
Acquisition of non-current assets (intangible and tangible)		-285	-231
Disposal of non-current assets (intangible and tangible)		75	46
Acquisition of leased vehicles		-972	-1,341
Disposal of leased vehicles		1,009	1,243
Operating cash flow		1,814	2,872
Investment in financial assets		-2	-4
Disposal of financial assets		2	5
Acquisition of operation		-1,075	-170
Disposal of operation		—	12
Cash flow from investing activities		-1,248	-440
Financing activities			
Borrowings		247	1,430
Repayment of loans		-648	-1,711
Repayment of lease liabilities		-543	-481
Buy-back of own shares		-517	-122
Dividend paid to Parent Company's shareholders		-587	—
Cash flow from financing activities		-2,048	-884
Change in cash and cash equivalents, excluding translation differences		-1,309	1,831
Exchange difference in cash and cash equivalents		0	-4
Change in cash and cash equivalents		-1,309	1,827
Cash and cash equivalents at start of year		2,063	236
Cash and cash equivalents at year-end		754	2,063

Comments on the Consolidated Statement of Cash Flows

Operating activities

Cash flow from operating activities amounted to SEK 1,987 M (3,155). The change was mainly attributable to lower operating liabilities, mainly trade payables, which contributed negatively to the cash flow with SEK -1,523 M (-65). Furthermore the profit before tax increased by SEK 570 M. Depreciation/ amortisation increased by SEK 177 M.

Investing activities

Acquisitions and disposals of non-current assets and lease vehicles decreased by SEK 110 M to SEK -173 M (-283) net. Acquisition of operations increased by SEK 905 and amounted to SEK -1,075 M (-170).

Operating cash flow

Operating cash flow amounted to SEK 1,814 M (2,872).

Financing activities

Cash flow from financing activities amounted to SEK -2,048 M (-884). Net borrowing and repayment of loans totalled SEK -401 M (-281). Repayment of leasing liabilities totalled SEK -543 M (-481). Buy-back of own shares totalled SEK -517 M (-122). Dividend to shareholders amounted to SEK -587 M, in 2020 proposed dividend to shareholders was withdrawn due to regulations related to the COVID-19 pandemic.

Net debt/receivable

Net debt increased by SEK 1,919 M, amounting to SEK 4,252 M (2,333). The increase was primarily explained by higher lease liabilities under IFRS 16 attributable to new leases, acquired operations and repurchase of own shares. Net debt, excluding IFRS 16 increased by SEK 860 M and amounted to SEK 582 M (-278).

Liquidity remains good, and at the end of 2021 a receivable of SEK 550 M (1,824) was reported from the banks (Nordea and DNB). Bilia's combined credit limit with Nordea and DNB amounts to SEK 1,500 M.

Specification of interest-bearing net debt/receivable:

SEK M	2021	2020
Current interest-bearing liabilities	366	783
Non-current interest-bearing liabilities	1,494	1,471
Lease liabilities IFRS 16	3,670	2,611
Cash and cash equivalents	-754	-2,063
Interest-bearing assets	—	-1
Interests in associated companies	-524	-468
Net debt(+)/receivable(-) at end of year	4,252	2,333
Net debt(+)/receivable(-) at end of year, excluding IFRS 16	582	-278

Ratio of net debt to EBITDA:

SEK M	2021	2020
Operational earnings	2,142	1,593
Operational earnings, excluding IFRS 16	2,081	1,537
Total depreciation/amortisation	1,270	1,128
- Amortisation of surplus values	-130	-93
- Depreciation of right-of-use assets	-494	-440
- Depreciation of leased vehicles with repurchase agreements	-340	-318
Depreciation/amortisation added back	800	717
Depreciation/amortisation added back, excluding IFRS 16	306	277
EBITDA	2,942	2,310
EBITDA, excluding IFRS 16	2,387	1,814
The ratio of net debt to EBITDA, times	1.4	1.0
The ratio of net debt to EBITDA, times, excluding IFRS 16	0.2	-0.2

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 14 March 2022. 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 7 April 2022.

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 2021. New or revised standards that has not yet come into effect are not expected to have any material effect on the Group's financial statements.

Alternative performance measures

Bilia applies the 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 118. Reconciliation of performance measures can be found at bilia.com/investors/financial-information.

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, 23	Revenue, Property, plant and equipment, Other liabilities
Customer relations	14	Intangible assets
Goodwill	14	Intangible assets
Leases	15, 16, 23, 24, 27	Property, plant and equipment, Right-of-use-assets, Other liabilities, Accrued expenses and deferred income, Leases
Valuation of used cars	18	Inventories
Pensions	21	Pensions
Changed conditions	22	Provisions
Service subscriptions	23	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 are reported as separate performance obligations and classified as revenues from products. Revenue from the sale of goods is recognised at a point in time when the control has 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 has 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.

In some cases, Bilia acts as an agent when selling new cars, which means that invoicing to the end customer is done directly by the importer and that Bilia receives a commission for the brokered transaction.

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 not 24 "Accrued expenses and deferred income". Based on active service subscriptions, future estimated turnover during the contract period of 36 months is around SEK 440 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 23 "Other liabilities". Future unrealised gross profit pertaining to cars sold with repurchasing agreements amounted at year-end to SEK 70 M (73), see Note 24 "Accrued expenses and deferred income".

Net turnover ¹⁾	2021	2020
Workshop	3,287	3,039
Spare parts	4,115	3,793
Car dismantling and other	410	139
Total Service Business	7,812	6,971
Sale of goods	27,399	22,766
Revenue from cars sold with repurchase agreements and rental cars	596	559
Revenue as agent in car business	48	28
Revenue from finance brokering	292	263
Total Car Business	28,335	23,616
Fuels	1,252	1,093
Total Fuel Business	1,252	1,093
Rental income	422	380
IT and training services	205	202
Eliminations	-2,517	-2,094
Total	35,509	30,168

¹⁾ 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 Bilias customers.

	2021	2020
Revenue for cars sold with repurchase agreements	395	383
Revenue from finance brokering	292	263
Amortisation on cars sold with repurchase agreements	-340	-318
Impairment on cars sold with repurchase agreements	0	-8
Other	-15	-8
Total	332	312
Of which:		
Income from finance brokering and other	277	248
Income from cars sold with repurchase agreements	55	64
Total	332	312

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. The identified operating segments coincide with the reportable segments.

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.

Car

- Sweden
- Norway
- Western Europe

Car includes sales of new and used cars, transport vehicles and trucks as well as supplementary services such as financing and insurance.

Fuel

Fuel includes sales of petrol, diesel, ethanol, compressed gas and car washes. The Fuel Business is monitored for the Group as a whole.

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 parties that are independent of each other, knowledgeable and willing to execute transactions. 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		Segment reconciliation		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net turnover										
External sales	5,894	5,433	28,335	23,616	1,252	1,093	28	26	35,509	30,168
Internal sales	1,918	1,538	—	—	—	—	-1,918	-1,538	—	—
Total net turnover	7,812	6,971	28,335	23,616	1,252	1,093	-1,890	-1,512	35,509	30,168
Depreciation/amortisation	-457	-389	-740	-655	-5	-5	-68	-79	-1,270	-1,128
Operational earnings/Operating profit	1,279	1,157	938	477	37	29	-329	-299	1,925	1,364
Interest income									5	3
Interest expenses									-155	-153
Profit from shares in associated companies	—	—	55	46	—	—	—	—	55	46
Profit before tax									1,830	1,260
Tax expense for the year									-373	-276
Net profit for the year									1,457	984
Revenue and cost items that affect the comparability of the Group's operating profit:										
- Structural costs etc.	-26	-40	-10	-90	-2	-2	-1	-4	-39	-136
- Acquisition-related costs and value adjustments	-8	-1	-4	1	—	—	—	—	-12	0
- Amortisation/impairment losses of surplus values	-83	-46	-83	-47	—	—	—	—	-166	-93
Total	-117	-87	-97	-136	-2	-2	-1	-4	-217	-229
Assets										
Interests in associated companies	—	—	524	468	—	—	—	—	524	468
Deferred tax assets									171	131
Other assets									16,505	15,817
Total assets	—	—	524	468	—	—	—	—	17,200	16,416
Investments in non-current assets	124	117	1,042	1,381	5	4	86	70	1,257	1,572
Liabilities										
Equity									4,417	3,968
Liabilities									12,783	12,448
Total liabilities and equity									17,200	16,416

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
Geographical segments				
Sweden	20,570	18,339	9,929	7,525
Norway	11,250	8,013	2,504	1,716
Germany	761	1,009	62	101
Luxembourg	1,385	1,332	560	588
Belgium	1,543	1,475	546	570
Segment reconciliation	—	—	-2,707	-1,792
Total	35,509	30,168	10,894	8,708

	Service							
	Sweden		Norway		Western Europe		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net turnover								
External sales	3,871	3,554	1,559	1,370	464	509	5,894	5,433
Internal sales	1,216	944	609	492	93	102	1,918	1,538
Total net turnover	5,087	4,498	2,168	1,862	557	611	7,812	6,971
Depreciation/amortisation	-272	-217	-132	-117	-53	-55	-457	-389
Operational earnings	915	831	310	273	54	53	1,279	1,157
Profit from shares in associated companies								
Revenue and cost items that affect the comparability of the Group's operating profit:								
- Structural costs etc.	-7	-21	-19	-1	—	-18	-26	-40
- Acquisition-related costs and value adjustments	-5	-2	-4	—	1	1	-8	-1
- Amortisation/impairment losses of surplus values	-26	-14	-35	-11	-22	-21	-83	-46
Total	-38	-37	-58	-12	-21	-38	-117	-87
Assets								
Interests in associated companies								
Investments in non-current assets	97	87	18	22	9	8	124	117

	Car							
	Sweden		Norway		Western Europe		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Net turnover								
External sales	15,419	13,666	9,691	6,643	3,225	3,307	28,335	23,616
Internal sales								
Total net turnover	15,419	13,666	9,691	6,643	3,225	3,307	28,335	23,616
Depreciation/amortisation	-535	-522	-149	-83	-56	-50	-740	-655
Operational earnings	466	318	447	171	25	-12	938	477
Profit from shares in associated companies	55	46	—	—	—	—	55	46
Revenue and cost items that affect the comparability of the Group's operating profit:								
- Structural costs etc.	61	-78	-37	-2	-34	-10	-10	-90
- Acquisition-related costs and value adjustments	-3	—	-2	—	1	1	-4	1
- Amortisation/impairment losses of surplus values	-25	-13	-35	-12	-23	-22	-83	-47
Total	33	-91	-74	-14	-56	-31	-97	-136
Assets								
Interests in associated companies	524	468	—	—	—	—	524	468
Investments in non-current assets	893	1,215	108	137	41	29	1,042	1,381

Note 5 Business combinations and divestments

► 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 re-measured 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 2021

Funnemark AS and Funnemark Sandefjord AS

On 30 April Bilia acquired Funnemark AS and Funnemark Sandefjord AS in Norway. The companies are authorised Toyota dealers who have conducted sales and service operations for Toyota cars at seven facilities in Vestfold, Telemark and Vikens Fylke in Norway. Bilia will conduct operations in five of the seven facilities. The five facilities that Bilia acquires are located in Porsgrunn, Notodden, Selfjord, Larvik and Sandefjord. The operations previously conducted by Funnemark AS in Kongsberg and Hokksund are divested to Bauda AS in Norway, at the same time as Bilia's acquisition took place. The acquisition did not include the properties where the business is conducted.

The operations taken over by Bilia have a turnover of approximately SEK 1,200 M per year and reported for 2020 an operating margin of approximately 5 per cent. During 2021 the operation contributed with around SEK 750 M in turnover and with around SEK 30 M in operating profit. The purchase consideration amounted to SEK 351 M and was paid in cash. There is no contingent purchase consideration. The number of employees amounted to approximately 150 people and the business will continue to be conducted from current facilities. Acquisition-related expenses attributable to the acquisition amounted to SEK 5 M and relates to fees to consultants for due diligence and have been recognised as "Other operating expenses".

The acquisition provides Bilia with additional Toyota facilities in an attractive region and complements Bilia's current Toyota operations in nearby areas. The acquisition is part of Bilia's ambition to be a significant partner for Toyota in Norway.

Acquired customer relations totalling SEK 182 M are recognised as intangible assets and amortised over 10 years. Reported goodwill amounts to SEK 108 M.

Ferdinand Holding Group

On 3 May Bilia acquired Ferdinand Holding AB along with associated operations and two real estate companies. Ferdinand Holding AB is an authorised Porsche dealer that conducts sales and service operations for Porsche cars at two facilities in southern Sweden, Porsche Center Malmö and Porsche Center Helsingborg.

The operations have a turnover of approximately SEK 1,000 M per year and reported an operating margin of approximately 6 per cent for 2020. During 2021 the operation contributed with around SEK 650 M in turnover and with around SEK 25 M in operating profit. The purchase consideration amounted to SEK 466 M, of which SEK 421 M was paid in cash and SEK 45 M was paid in the form of Bilia shares in own custody. There is no contingent purchase consideration. The number of employees amounted to approximately 40 people and the business will continue to be conducted from current facilities. Acquisition-related expenses attributable to the acquisition was a small amount related to fees to consultants for due diligence and have been recognised as "Other operating expenses".

The acquisition adds a new car brand to Bilia that complements Bilia's existing car brand portfolio and increases the range of customers in the, for Bilia, important region in southern Sweden.

Acquired customer relations and distribution rights totalling SEK 131 M and SEK 39 M, respectively, are recognised as intangible assets and amortised over 10 and 5 years, respectively. Reported goodwill amounts to SEK 150 M.

Upplands Motor Stockholm AB

On 1 July Bilja acquired Upplands Motor Stockholm AB in Sweden. The company is an authorised Mercedes dealer, and offers sales and servicing of cars, transport vehicles and trucks at four facilities in Stockholm, Sweden. The acquisition did not include the properties where the operations take place.

The operation acquired by Bilja has a turnover of approximately SEK 1,200 M per year, and had an operating profit of SEK 48 M in 2020. During 2021 the operation contributed with around SEK 600 M in turnover and with around SEK 30 M in operating profit. The purchase price amounted to SEK 259 M and was paid in cash. In connection with the acquisition a loan amounting to SEK 105 M was repaid. There was no contingent consideration. The number of employees totalled approximately 250 people, and operations will be conducted from the current facilities also moving forward. Acquisition-related expenses linked to the acquisition amounted to SEK 4 M and relates to fees to consultants for due diligence and have been recognised as "Other operating expenses".

Mercedes complements Bilja's current car brand portfolio, and the acquisition brings Bilja a new business area – heavy trucks – in which Mercedes is a major player in Europe.

Acquired customer relations of SEK 112 M and distribution rights of SEK 33 M are recognised as intangible assets and are amortised over 10 and 5 years, respectively. Reported goodwill amounts to SEK 85 M.

Bil Dahl AB

On 1 July Bilja acquired Bil Dahl AB. The company is an authorised dealer mainly of Mercedes, as well as Nissan and Citroën. The company offers sales and servicing of cars, transport vehicles and trucks at five facilities in northern Sweden, located in Umeå, Luleå, Örnsköldsvik and Skellefteå. For Mercedes the operation encompasses cars, transport vehicles and trucks. The acquisition did not include the properties where the operations take place.

The operation acquired by Bilja had a turnover of approximately SEK 570 M in 2020, and reported an operating profit of SEK 18 M. During 2021 the operation contributed with around SEK 315 M in turnover and with around SEK 7 M in operating profit. The purchase price amounted to SEK 117 M and was paid in cash. There was no contingent consideration. The number of employees totalled approximately 150 people, and operations will be conducted from the current facilities also moving forward.

The acquisition of Bil Dahl AB expands Bilja's business in the northern part of Sweden, an increasingly interesting region in terms of growth and new establishment of businesses.

Acquired customer relations of SEK 45 M is recognised as intangible assets and is amortised over 10 years. Reported goodwill amounts to SEK 5 M.

Other acquisitions and divestments during the year

The acquisitions of Felgteknikk Norge AS and City Däck Öresund AB have not had a significant impact on the Group's financial position. No divestment took place during 2021.

The combined net assets of the acquired operations at the time of acquisition:

Intangible assets including customer relations and distribution rights	573
Property, plant and equipment	1,308
Deferred tax asset	10
Inventories	354
Trade receivables and other receivables	283
Cash and cash equivalents	251
Interest-bearing liabilities	-698
Trade payables and other liabilities	-930
Deferred tax liability	-143
Net identifiable assets and liabilities	1,008
Consolidated goodwill	363
Net identifiable assets and liabilities, including goodwill	1,371
Purchase consideration paid, own shares	-45
Purchase consideration paid and repaid loan, cash	-1,326
Less: Cash and cash equivalents in acquired operation	251
Net effect on cash and cash equivalents	-1,075

Note 5 cont'd.

Effects of acquisitions in 2020

Jönköpings Bildemontering AB, ECRIS AB and Riddersbergs Fastighets AB

On 1 November 2020 Bilja 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 car parts. 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 Bilja 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 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".

Other acquisitions and divestments during the year

A Toyota facility in Norway and the motorcycle business in Luxembourg were divested during the year. No other acquisitions were made.

The combined net assets of the acquired operations at the time of acquisition:

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
Net identifiable assets and liabilities	218
Consolidated goodwill	—
Net identifiable assets and liabilities, including goodwill	218
Purchase consideration paid	-218
Less: Cash and cash equivalents in acquired operation	48
Net effect on cash and cash equivalents	-170

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

Divestments 2022

Bilja has entered into agreements to divest 16 facilities in 2022, of which nine facilities in Sweden, four in Germany and three in Norway. In connection with the divestments, assets and liabilities associated with the facilities such as equipment, right-of-use-assets, inventories, cars with repurchase rights and leasing agreements will also be divested. Over the past three years, the facilities that will be divested have together reported net sales of a total of SEK 7 Bn and an operating

profit of SEK 250 M. The book value of the assets that will be divested amounted to SEK 710 M on 31 December 2021, of which SEK 320 M pertains to tangible fixed assets and SEK 390 M pertains to current assets. The book value of the liabilities amounted to SEK 260 M, of which SEK 220 M refers to interest-bearing liabilities and SEK 40 M non-interest-bearing liabilities.

Note 6 Other operating income

	2021	2020
Gain on disposal of non-current assets	—	4
Gain from sale of operation, other	—	5
Reimbursement of previously paid health insurance	35	—
Other	4	10
Total	39	19

Previous year the item Other includes the disposal of the motorcycle business in Luxembourg and a small business in Norway.

Note 7 Other operating expenses

	2021	2020
Loss on disposal of non-current assets	-1	-3
Write-down of property	—	-5
Structural costs	-39	-136
Acquisition-related costs and value adjustments	-9	0
Other	-15	-4
Total	-64	-148

Other operating expenses includes structural costs attributable to costs for the sale of the remaining four facilities in Germany and costs for staff reductions. Structural costs in 2020 is mainly attributed to Volvo Cars' termination of Bilia's dealer agreements, the closure of three of a total of seven facilities in Germany, costs for severance solutions in Sweden, Norway and Western Europe, and the relocation of an operation in Sweden. The costs related to Volvo Cars' termination of the dealer agreements was an initial assessment of the costs for restructuring our 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 and IFRS 2 Share-based payment. When operations have been adversely affected by the COVID-19 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

During 2021 personnel expenses decreased by SEK 2 M due to furloughs in Western Europe. In 2020 when operations have been adversely affected by the COVID-19 pandemic, the Group utilised the opportunity to furlough employees, in line with the regulations in each country of operation. The financial effect of furloughing employees was 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.

In 2020 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 regarding 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.

Short-term benefits

Short-term benefits to employees 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.

Share-based payment

Recognition of share-based payment programmes paid through equity instruments entails the fair value of the instrument at the dividend date being recognised in the income statement as a cost over the vesting period, with a corresponding adjustment of equity. At the end of each vesting period, an estimate is made of the expected number of allocated shares and the effect of any change in previous estimates are recognised in the income statement with a corresponding adjustment of equity. In addition, a provision is made for estimated social security costs relating to the share programme. Estimates of social security costs are based on the value of the shares at the allocation date, which is defined as the period when the agreement was concluded between the parties. The average share price during this period was used as the basis for the valuation of the shares at the allocation date.

Note 8 cont'd.

Costs for remunerations to employees	2021	2020
Wages, salaries and other remunerations	2,608	2,276
Pension costs ¹⁾	294	218
Social security contributions	666	593
Total	3,568	3,087

¹⁾ For further information see Note 21 Pensions.

Average number of employees	2021			2020		
	Women	Men	Total	Women	Men	Total
Parent Company						
Sweden	150	87	237	106	77	183
Total in Parent Company	150	87	237	106	77	183
Subsidiaries						
Sweden	227	2,220	2,447	238	2,080	2,318
Norway	129	1,112	1,241	104	998	1,102
Germany	33	117	150	43	136	179
Luxembourg	21	131	152	22	130	152
Belgium	31	127	158	34	129	163
Total in subsidiaries	441	3,707	4,148	441	3,473	3,914
Group total	591	3,794	4,385	547	3,550	4,097

The Group Management consists of two women (two) and six men (six), 25 per cent women.

The Board of Directors consists of three women (three) and six men (six), 33 per cent women, who are elected by the AGM. In addition there are 4 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	2021			2020		
	Senior officers (18 persons)	Other employees	Total	Senior officers (18 persons)	Other employees	Total
Wages, salaries and other remunerations	29	133	162	22	109	131
(of which bonus etc.)	(6)	(6)	(12)	(6)	(4)	(10)
Social security contributions	35	81	116	15	52	67
(of which pension costs)	(27)	(43)	(70)	(8)	(17)	(25)

Senior officers 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.

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

	2021	2020
	Senior officers (21 persons)	Senior officers (21 persons)
Wages, salaries and other remunerations	40	30
(of which bonus etc.)	(9)	(8)
(of which share related remunerations from incentive programme)	(6)	—
Pension costs	29	9
Pension obligations	303	213

Senior officers includes Bilia AB's Board of Directors, 13 persons, including two deputies, together with Group Management consisting of eight persons.

Remuneration to senior officers

The Annual General Meeting approved the payment of fees to the Board of Directors and subcommittee members. 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 Norge AS.

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

Parent Company 2021	Director's fee/ Basic salary (excl. social sec. contr.)	Bonus	Pension costs	Share related remunera- tions	Other benefits	Total	Pension obligations
Chairman (Mats Qviberg)	400	—	—	—	—	400	—
Board members (8) ¹⁾	2,150	—	—	—	—	2,150	—
Audit, Compensation and Property Committee (5)	360	—	—	—	—	360	—
<i>Employee representatives:</i>							
Appointed (2)	76	—	—	—	—	76	—
Deputies (2)	46	—	—	—	—	46	—
MD, Per Avander	5,548	2,926	3,956	1,413	132	13,975	22,920
Other senior officers (4)	8,735	3,570	4,566	2,933	447	20,251	6,234
Former senior officers	—	—	—	—	—	—	269,254
Total	17,315	6,496	8,522	4,346	579	37,258	298,408

¹⁾ 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.

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) ¹⁾	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) ²⁾	7,491	3,262	3,857	392	15,002	4,370
Former senior officers	—	—	—	—	—	193,529
Total	15,507	6,133	7,759	633	30,032	216,323

¹⁾ 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.

²⁾ Two of the "Other senior officers" are included with salary and other remunerations for 10 months.

Note 8 cont'd.

The Chairman of the Board has not received any other remuneration aside from his director's fee. A fee of SEK 250,000 (222,000) was paid to each of the other Board members, except for the Deputy Chairman, who received SEK 400,000 (340,000). Altogether, fees totalling SEK 2,150,000 (1,898,000) were paid to the Board members elected by the AGM, in accordance with the decision of the 2021 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 chairman of the Property Committee (Eva Eriksson) should receive SEK 50,000 (50,000) and the other member (Gunnar Blomkvist) should receive SEK 25,000 (25,000). Fees totalling SEK 122,000 (115,000) were paid to the employee representatives on the Board. Altogether, the total fees paid to the Board members amounted to SEK 3,032,000 (2,713,000).

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 capital. 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 Bilia Norge AS was based on Group's profit, profit of the Norwegian operation, customer satisfaction and turnover of operating capital. Bonus for the MD of Bilia Personbilar AB was based on Group's profit, profit of the Swedish operation, customer satisfaction, turnover of operating capital and used cars. The bonus for 2021 for the MD and other senior officers was maximised at 55 per cent of the individual's basic salary.

Other benefits pertained mainly to share-related payments from long-term incentive programmes and company cars.

Incentive programme

The AGM 2021 resolved to establish a long-term incentive programme in the form of a share savings plan. The programme was aimed at some 60 senior officers and other key persons in the Bilia Group. In order to participate in the programme, the participant must have made a private investment by acquiring shares in Bilia AB (publ), savings shares equivalent to 7–14 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 Bilia if the goal established by the Board of Directors regarding total yield on Bilia'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 2024 and must still be employed by the Bilia Group at this point in time. The maximum number of performance shares as in the programme start can be allotted to the participants in the programme amounts to 150,000.

The share savings plan from 2018 expired during the year and resulted in a full allotment, meaning that 106,557 shares were transferred to the participants in the programme.

Pensions

The MD's occupational pension consists of a defined-premium pension, which means that Bilia 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 Bilia 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 Bilia Norge AS.

Board members Jan Pettersson and Gunnar Blomkvist hold an accrued pension that is reported as a pension obligation to former senior officers in the tables above. These pension obligations have been secured through an endowment insurance.

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 21 "Pensions" and Note 30 "Related parties".

Profit-sharing system for employees

A total of SEK 27 M (25), including payroll overhead, was allocated in the annual accounts for 2021 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

	2021	2020
PwC		
Audit assignment	-6	—
Audit activities other than the auditing assignment	0	—
Tax advice	—	—
Other assignments	—	—
	2021	2020
KPMG		
Audit assignment	-2	-5
Audit activities other than the auditing assignment	-1	-2
Tax advice	0	0
Other assignments	-3	0

During the financial year 2021 SEK 3 M was paid in fees to the audit company PricewaterhouseCoopers AB for the audit assignment and SEK 0 M for other services.

By audit 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 Audit activities other than the auditing assignment, Tax advice and Other assignments.

Note 10 Operating expenses classified by nature of expense

	2021	2020
Merchandise	-28,603	-24,338
Other external expenses	-164	-123
Personnel costs	-3,427	-3,026
Depreciation/amortisation	-1,270	-1,128
Impairment losses	-95	-60
Other operating expenses	-64	-148
Total	-33,623	-28,823

During 2021 personnel costs decreased by SEK 2 M due to furloughs in Western Europe. During 2020 personnel costs 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 regarding sick pay and/or social security contributions, which reduced personnel costs 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.

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 and financial lease liabilities, the effect of reversal of present value calculation of provisions, impairment of financial assets plus realised and unrealised losses on hedging instruments. 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.

	2021	2020
Interest income	2	3
Other exchange gains	3	0
Financial income	5	3
Interest expenses	-58	-72
Interest expenses IFRS 16	-97	-76
Cost currency swaps	—	-1
Other exchange losses	0	-4
Financial expenses	-155	-153
Profit from shares in associated companies	55	46
Net financial items	-95	-104

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

	2021	2020
Current tax expense (-)/tax income (+)		
Tax expense/income for the year	-387	-283
Adjustment of tax attributable to previous years	1	-7
Total Current tax	-386	-290
Deferred tax expense (-)/tax income (+)		
Deferred tax pertaining to temporary differences	59	54
Refers to changed tax rates	0	-7
Deferred tax pertaining to appropriations	-46	-33
Refers to capitalised tax value of tax-loss carryforwards	0	0
Total deferred tax	13	14
Total tax expense recognised	-373	-276

	2021		2020	
	Amount	%	Amount	%
Reconciliation of effective tax				
Profit before tax	1,830		1,260	
Tax according to tax rate applicable to Parent Company	-377	20.6	-270	21.4
Effect of foreign tax rates	-2	0.1	-9	0.7
Tax attributable to previous years	0	0.0	0	0.0
Tax effect of non-deductible expenses	-29	1.6	-13	1.0
Tax effect of non-taxable revenues	36	-2.0	21	-1.7
Tax effect of changed tax rate	0	0.0	-7	0.6
Increase deficit deduction without capitalization	-1	0.1	—	—
Standard interest on tax allocation reserve	-2	0.1	-1	0.1
Direct deduction, buildings	2	-0.1	3	-0.2
Effective tax recognised	-373	20.4	-276	21.9

Current tax assets amount to SEK 53 M (70) and represent the recoverable amount of current tax on the net profit for the year.

	2021			2020		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Tax attributable to other comprehensive income						
Translation differences for the period on translation of foreign financial statements	77	—	77	-93	—	-93
Other comprehensive income/loss	77	—	77	-93	—	-93

Recognised in Statement of Financial Position

Deferred tax assets and liabilities	Deferred tax asset		Deferred tax liability		Net	
	2021	2020	2021	2020	2021	2020
Deferred tax assets and liabilities recognised						
<i>Deferred tax assets and liabilities are attributable to the following:</i>						
Intellectual property	0	1	211	108	-211	-107
Land and buildings	4	2	76	72	-72	-70
Plant and equipment	-12	-15	5	—	-17	-15
Leased vehicles	14	14	0	—	14	14
Right-of-use assets	108	90	0	—	108	90
Financial investments	0	—	1	1	-1	-1
Inventories	12	9	-1	1	13	8
Trade receivables	1	1	0	—	1	1
Untaxed reserves	0	—	320	260	-320	-260
Pension provisions	80	59	0	—	80	59
Other provisions	41	44	-3	—	44	44
Lease liabilities	-88	-78	0	—	-88	-78
Operating liabilities	10	3	-3	4	13	-1
Tax-loss carryforwards	1	1	0	—	1	1
Tax assets/liabilities	171	131	606	446	-435	-315

Change in deferred tax in temporary differences and tax-loss carryforwards	Balance as per 1 Jan. 2021	Recognised in profit or loss for the year	Recognised in equity	Acquisition/disposal of business entity	Balance as per 31 Dec. 2021
Intellectual property	-107	26	—	-130	-211
Land and buildings	-70	5	—	-7	-72
Plant and equipment	-15	1	—	-3	-17
Leased vehicles	14	-3	—	3	14
Right-of-use assets	90	16	—	2	108
Financial investments	-1	0	—	—	-1
Inventories	8	2	—	3	13
Trade receivables	1	0	—	—	1
Untaxed reserves	-260	-46	—	-14	-320
Pension provisions	59	21	—	—	80
Other provisions	44	-3	—	3	44
Lease liabilities	-78	-8	—	-2	-88
Operating liabilities	-1	2	—	12	13
Tax-loss carryforwards	1	0	—	—	1
Translation difference for the year	—	0	0	—	0
Tax assets/liabilities	-315	13	0	-133	-435

Note 12 cont'd.

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	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 liabilities	-89	11	—	—	-78
Operating liabilities	6	-7	—	—	-1
Tax-loss carryforwards	1	—	—	—	1
Translation difference for the year	—	-2	2	—	—
Tax assets/liabilities	-306	14	2	-25	-315

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.

The calculation of earnings per share for 2021 is based on the net profit for the year attributable to the Parent Company's ordinary shareholders, amounting to SEK 1,457 M (984), and on a weighted average number of shares outstanding.

During 2021, the weighted average number of shares was 97,743,061 (100,089,698) and the effect of outstanding incentive programmes amounted to 63,732 shares (99,989).

In 2021 Bilia repurchased 3,552,839 of its own shares, amounting to SEK 517 M. In 2020 Bilia repurchased 1,220,000 of its own shares, amounting to SEK 122 M.

	2021	2020
Basic earnings per share, SEK	14.90	9.85
Diluted earnings per share, SEK	14.90	9.85
Net profit for the year attributable to the parent company's ordinary shareholder, SEK M	1,457	984
Weighted average number of outstanding ordinary shares, thousands	97,743	100,090
Effect of outstanding incentive programme, thousands	64	100
Weighted average number of outstanding ordinary shares after dilution, thousands	97,807	100,190

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. Carrying amount consists of acquisition value 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. Carrying amount consist if acquisition value 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 5–10 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 3-year forecasts for the cash-generating units in question. For important assumptions per cash-generating unit, see the following pages.

Note 14 cont'd.

	Software, internally developed		Software, acquired		Customer relations	
	2021	2020	2021	2020	2021	2020
Accumulated costs						
At start of year	31	36	115	143	871	914
Business combinations	2	—	—	1	483	48
Purchases	3	2	26	22	—	—
Disposals and retirements	—	-7	-1	-51	—	—
Reclassifications	1	—	—	—	1	-52
Translation differences for the year	—	—	—	—	25	-39
	37	31	140	115	1,380	871
Accumulated amortisation and impairment losses						
At start of year	-20	-19	-84	-106	-369	-349
Business combinations	0	—	—	-1	—	—
Disposals and retirements	—	6	0	44	—	—
Reclassifications	—	—	—	—	-1	52
Amortisation for the year	-8	-7	-17	-21	-119	-90
Translation differences for the year	-1	—	0	—	-10	18
	-29	-20	-101	-84	-499	-369
Carrying amount at year-end	8	11	39	31	881	502

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	
	2021	2020	2021	2020	2021	2020
Cost of goods sold	-8	-7	-17	-21	-119	-90

No impairment losses have been made during the year.

	Distribution rights		Total intellectual property		Goodwill	
	2021	2020	2021	2020	2021	2020
Accumulated costs						
At start of year	28	32	1,045	1,125	814	862
Business combinations	73	—	558	49	377	0
Purchases	—	—	29	24	—	—
Disposals and retirements	—	—	-1	-58	—	—
Reclassifications	—	-2	2	-54	—	-13
Translation differences for the year	2	-2	27	-41	22	-35
	103	28	1,660	1,045	1,213	814
Accumulated amortisation and impairment losses						
At start of year	-15	-15	-488	-489	-2	-15
Business combinations	—	—	0	-1	—	—
Disposals and retirements	—	—	0	50	—	—
Reclassifications	—	2	-1	54	—	13
Amortisation for the year	-11	-3	-155	-121	—	—
Impairment for the year	—	—	—	—	-35	—
Translation differences for the year	-2	1	-13	19	-1	—
	-28	-15	-657	-488	-38	-2
Carrying amount at year-end	75	13	1,003	557	1,175	812

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	
	2021	2020	2021	2020	2021	2020
Cost of goods sold	-11	-3	-155	-121	—	—

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

	Distribution rights		Total intellectual property		Goodwill	
	2021	2020	2021	2020	2021	2020
Cost of goods sold	—	—	—	—	-35	—

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

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

	2021	2020
Bilia Personbilar AB	72	72
Bilia BMU AB	78	78
Bilia Center AB	43	43
Bilia Center Metro AB	84	84
Allbildelar Försäljning i Huddinge AB	8	8
Bilia Center Auto AB	104	—
Bilia Ferdinand Holding AB	150	—
City Däck Öresund AB	15	—
Total Sweden	554	285
Bilia Norge AS	92	119
Toyota Bilia AS (including merge of Funnemark AS and Funnemark Sandefjord AS)	198	83
Total Norway	290	202
Bilia Emond Luxembourg	143	140
S.A. Bilia Emond Belgium	95	94
Bilia Holding Flanders NV	86	85
Bilia Holding S.à r.l.	7	6
Total Western Europe	331	325
Total the Group	1,175	812

Sweden

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

The important assumptions in the 3-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 2021. The forecast agrees with previous experiences and external information sources.

Prices

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

Note 14 cont'd.

Assumptions for estimating values:

Per cent	Annual growth		Discount rate before tax	
	2021	2020	2021	2020
Bilia Personbilar AB	2.0	2.0	6.44	5.28
Bilia BMU AB	2.0	2.0	6.45	5.32
Bilia Center AB	2.0	2.0	6.50	5.27
Bilia Center Metro AB	2.0	2.0	6.44	5.29
Allbildelar Försäljning i Huddinge AB	2.0	2.0	6.51	5.29

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.

For the operations acquired during the year, follow-up has been made regarding the valuations made at the time of acquisition. None of the operations has deviated significantly from the valuations and no need for impairment has been identified.

Norway

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

The important assumptions in the 3-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 2021. The forecast agrees with previous experiences and external information sources.

Prices

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

Assumptions for estimating values:

Per cent	Annual growth		Discount rate before tax	
	2021	2020	2021	2020
Bilia Norge AS	2.0	2.0	7.24	6.34
Toyota Bilia AS	2.0	2.0	6.48	6.37

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. The impairments of goodwill of SEK 35 M made during the year are attributable to future divestments in 2022.

The newly acquired Toyota operations, Funnemark AS and Funnemark Sandefjord AS, have been tested along with the existing Toyota operations in Norway.

Western Europe

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

The important assumptions in the 3-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 2021. The forecast agrees with previous experiences and external information sources.

Prices

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

Assumptions for estimating values:

Per cent	Annual growth		Discount rate before tax	
	2021	2020	2021	2020
Bilia Emond Luxembourg	2.0	2.0	6.48	5.17
S.A. Bilia Emond Belgium	2.0	2.0	6.15	5.41
Bilia Holding Flanders NV	2.0	2.0	6.19	5.47

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.

Note 15 Property, plant and equipment

➤ Accounting principle

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

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 in Stockholm, Sweden and Luxembourg and conversions mainly in Vinsta, Enköping, Jönköping and Västerås, Sweden.

Leased assets

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 years¹⁾

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

¹⁾ 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.

Note 15 cont'd.

	Land and buildings		Construction in progress	
	2021	2020	2021	2020
Accumulated costs				
At start of year	1,367	1,156	48	42
Business combinations	159	132	4	2
Purchases	17	69	26	12
Disposals and retirements	-12	-4	-3	-4
Reclassifications	44	36	-48	-4
Translation differences for the year	15	-22	-1	0
	1,590	1,367	26	48
Accumulated depreciation				
At start of year	-467	-377	—	—
Business combinations	-23	-18	—	—
Disposals and retirements	8	3	—	—
Reclassifications	-7	-14	—	—
Depreciation for the year	-75	-66	—	—
Amortisation for the year	-9	-5	—	—
Translation differences for the year	-7	10	—	—
	-580	-467	—	—
Carrying amount at year-end	1,010	900	26	48

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	
	2021	2020	2021	2020
Cost of goods sold	-28	-24	—	—
Selling expenses	-44	-40	—	—
Administrative expenses	-2	-2	—	—
Total	-75	-66	—	—

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

	Land and buildings		Construction in progress	
	2021	2020	2021	2020
Other expenses	-9	-5	—	—

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2021	2020	2021	2020
Accumulated costs				
At start of year	1,392	1,414	3,351	3,778
Business combinations	140	39	489	0
Purchases	210	141	972	1,341
Disposals and retirements	-123	-111	-1,327	-1,700
Reclassifications	13	-38	-9	3
Translation differences for the year	37	-53	50	-71
	1,669	1,392	3,526	3,351
Accumulated depreciation				
At start of year	-909	-896	-554	-642
Business combinations	-72	-23	-9	—
Disposals and retirements	78	72	316	472
Depreciation for the year	-127	-115	-419	-386
Reclassifications	4	20	2	0
Translation differences for the year	-24	33	-5	2
	-1,050	-909	-669	-554
Accumulated impairment losses				
At start of year	0	0	-16	-6
Disposals and retirements	—	—	10	1
Reclassifications	—	—	—	-3
Impairment losses for the year	-9	—	—	-8
	-9	0	-6	-16
Carrying amount at year-end	610	483	2,851	2,781
Finance leases (included above)				
Cost	85	79	272	231
Accumulated depreciation	-36	-31	-49	-44
	49	48	223	187

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	
	2021	2020	2021	2020
Cost of goods sold	-51	-44	-419	-386
Selling expenses	-41	-26	—	—
Administrative expenses	-35	-45	—	—
Total	-127	-115	-419	-386

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

	Equipment, tools, fixtures and fittings		Leased vehicles	
	2021	2020	2021	2020
Cost of goods sold	—	—	—	-8
Other expenses	-9	—	—	—

Note 16 Right-of-use assets

► Accounting principle

Bilia applies IFRS 16 Leases in accounting for right-of-use assets.

Calculation of right-of-use assets

Right-of-use assets and lease liabilities have 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 and a smaller amount for company cars.

Simplification rules are applied which mean that the Group has;

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

Extension options are only considered when a decision has been made on the exercise of the option and has been formally exercised.

The contracts that are linked to consumer price index are recalculated when the adjustment to the lease payments takes effect.

Principles of depreciation

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 in the Statement of Income and Other Comprehensive Income. 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 for exercise of extension option of leases 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 etc.

For a description of lease liabilities related to the right-of-use assets see Note 20 "Interest bearing liabilities" and Note 27 "Leases".

Right-of-use assets

	2021	2020
Accumulated costs		
At start of year	3,513	3,125
Business combinations	616	—
Purchases	842	454
Disposals	0	-2
Other	14	37
Translation differences for the year	83	-101
	5,068	3,513
Accumulated depreciation and impairment losses		
At start of year	-864	-443
Depreciation of the year	-494	-440
Disposals	0	2
Other	—	-2
Translation differences for the year	-24	19
	-1,382	-864
Carrying amount at year-end	3,686	2,649

Depreciation and impairment losses

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

	Right-of-use assets	
	2021	2020
Cost of goods sold	-187	-159
Selling expenses	-292	-269
Administrative expenses	-15	-12
Total	-494	-440

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 share holdings 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.

	2021	2020
Carrying amount at start of year	468	433
Profit from shares in associated companies	55	46
Dividend received from associated companies	—	-11
Carrying amount at year-end	524	468

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	
	2021 ¹⁾	2020 ¹⁾
Operating revenue	6,509	6,468
Profit/loss before appropriations and tax	626	566
Current assets	785	880
Lending	22,238	22,217
Non-current assets	22,034	21,001
Current liabilities	3,965	3,859
Borrowing	35,113	34,422
Non-current liabilities	1,109	1,271
Net assets	4,870	4,546
Dividend to AB Volverkinvest	—	107
Total net assets before dividend ²⁾	4,870	4,653

¹⁾ The data for the associate relate to the accounting period from 1 October 2020 to 30 September 2021 (1 October 2019 to 30 September 2020). 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.

²⁾ The amount refers to equity including equity in untaxed reserves.

Note 18 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 "Inventories".

The cost of goods sold, in the Consolidated Statement of Income and Other Comprehensive Income, includes write-down of new cars by SEK 13 M (9) used cars by SEK 13 M (16) and spare parts by SEK 4 M (11).

The item "Inventories" consists of:

	2021	2020
New cars	1,062	1,609
Used cars	1,472	1,167
Demonstration cars	870	709
Spare parts	360	242
Other	17	16
Total	3,781	3,743

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

	2021	2020
New cars	23	11
Used cars	41	29
Spare parts	19	14
Total	83	54

Note 19 Prepaid expenses and accrued income

	2021	2020
Bonus	100	82
Prepaid expenses	127	84
Accrued income	70	85
Total	297	251

Note 20 Interest-bearing liabilities

► Accounting principle

Bilia applies IFRS 9 Financial Instruments in accounting for financial instruments. Bilia applies IFRS 16 Leases. For an explanation of the accounting principle, see Note 25 "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 26 "Financial risks and risk management".

	2021	2020
Non-current liabilities		
Bank loans	15	20
Bond issue ¹⁾	1,296	1,292
Personnel fund	5	5
Lease liabilities	3,263	2,288
Other loans	15	26
	4,594	3,631
Current liabilities		
Bond issue ¹⁾	—	130
Current portion of bank loans	253	538
Current portion of lease liabilities	679	558
	932	1,226
Total	5,526	4,857

¹⁾ In the Consolidated Statement of Financial Position, the bond issue amounts to SEK 1,296 M (1,422), calculated according to the effective interest method. In calculating key figures, SEK 1,300 M (1,430) is used without the net effect of the effective interest rate, which amounts to SEK -4 M (-8).

Note 21 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.

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.

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 2021, 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 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 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 2021, Alecta's surplus in the form of the collective funding ratio ¹⁾ amounted to 172 per cent (148).

¹⁾ 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.

	2021	2020
Costs for the year for defined-contribution plans ²⁾	263	212

²⁾ Of which SEK 76 M (70) pertaining to ITP plan funded in Alecta.

Costs for defined-contribution plans in 2022 are SEK 241 M, of which Alecta SEK 83 M.

Note 22 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 remedia-

tion. A provision of SEK 0.5 M per fuelling station has been made for a total provision of SEK 19 M (9). During 2021 an extra provision of SEK 9 M has been made regarding the need for remediation that has arisen.

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. Valuation is made in accordance with IFRS 3 and IFRS 9 and is reported in equity. The carrying amount is deemed to reflect fair value. In 2021, the issued put option was partially exercised and the remaining put option corresponds to a 10 per cent ownership.

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

Assessment regarding provisions is made based on currently available information. If other assumptions are made or the conditions should change, the actual outcome may differ from the assessment made, which could have a significant impact on Bilia's results and financial position.

	Non-current		Current	
	2021	2020	2021	2020
Structural costs	57	66	3	24
Warranty obligations	47	27	1	1
Restoration costs	18	9	1	—
Put option	52	142	—	—
Other	113	86	0	—
Total	287	330	5	25

	Structural costs		Warranty obligations		Restoration costs		Put option		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Carrying amount at start of year	90	0	28	32	9	11	142	152	86	31	355	226
Provisions made during the year	60	91	14	2	10	0	30	0	24	58	138	151
Amounts utilised during the year	-21	0	—	-2	—	0	-120	—	—	—	-141	-2
Unutilised amounts reversed during the year	-70	0	—	—	—	-2	—	-10	—	—	-70	-12
Translation differences	1	-1	6	-4	0	0	—	—	3	-3	10	-8
Carrying amount at year-end	60	90	48	28	19	9	52	142	113	86	292	355

Payments	2021	2020
Amount by which the provision is expected to be paid after more than twelve months	287	330

Note 23 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 25 "Financial instruments".

Important accounting estimates and judgements

See Note 2 "Revenue" regarding Repurchase agreements and Service subscriptions.

	2021	2020
Other non-current liabilities		
Liability pertaining to cars sold with repurchase agreements	1,503	1,510
Other non-current liabilities, not interest-bearing	160	—
Total	1,663	1,510
Other current liabilities		
Liability pertaining to cars sold with repurchase agreements	1,045	1,012
Other	590	696
Total	1,635	1,708

Note 24 Accrued expenses and deferred income

Important accounting estimates and judgements

See Note 2 "Revenue" regarding Repurchase agreements and Service subscriptions.

	2021	2020
Accrued wages and salaries	476	407
Accrued social security contributions	283	237
Accrued interest	6	6
Future unrealised gross profit pertaining to cars sold with repurchase agreements	70	73
Less bonus	50	21
Accrual of service subscriptions	173	208
Other accrued expenses and deferred income	293	213
Total	1,351	1,165

Note 25 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 and there is a contractual obligation for the counterpart 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 counterpart 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.

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 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.

Derivative instruments

Financial derivatives are held only to manage the financial risks to which Bilia is exposed, see Note 26 "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 October 2018 Bilia issued an 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 issued an 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.

During March 2021, the remaining outstanding bond from 2017 of SEK 130 M matured.

The total outstanding amount as of 31 December 2021 amounts to SEK 1,300 M.

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:

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.

	2021	2020
Level 2		
Asset regarding currency swaps valued through profit and loss	1	9
Level 3		
Debt regarding put option is valued in equity	52	142

Note 25 cont'd.

Fair value and carrying amount for financial instruments and categorisation are presented below:

	Note	2021		2020	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets measured at fair value through profit and loss					
Currency swaps		1	1	9	9
Interest-bearing assets measured at amortised cost					
Long-term receivables, interest-bearing		—	—	1	1
Trade receivables	26	1,077	1,077	1,233	1,233
Other receivables		134	134	122	122
Cash and cash equivalents	31	754	754	2,063	2,063
Financial investments measured at fair value					
Shares and interests		4	4	4	4
Housing cooperative units		5	5	5	5
Debts measured at fair value					
Provision put option	22	52	52	142	142
Debts measured at amortised cost					
Bond issue	20	1,296	1,296	1,422	1,422
Lease liabilities	20	3,942	3,942	2,846	2,846
Non-current interest-bearing liabilities	20	35	35	51	51
Current interest-bearing liabilities	20	253	253	538	538
Trade payables		1,435	1,435	2,224	2,224
Accrued interest	24	6	6	6	6

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 measured at fair value

Bilia's holdings in this category consist of unlisted share holdings, housing cooperative units and deposits. Based on the limited value of these assets, an assessment has been made that the fair value does not deviate significantly from the acquisition value.

Debts measured at fair value

Bilia reports the issued put option at fair value based on future exercise price.

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 26 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 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
- administration of group accounts and internal bank function
- oversight of credit granting by the subsidiaries
- payment procedures and cash management
- control, monitoring and reporting of the outcome of the financing operation.

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

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 parent company's Finance Department has an internal bank function that 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. Investments may be made in instruments and with counterparts approved by the MD of Bilia AB.

Subsidiaries

The MD of each subsidiary is responsible for ensuring that the granting of credit by the company takes place in accordance with a adopted credit policy and that financing activities are otherwise conducted in accordance with the guidelines set forth in special instructions from the parent company.

Financial receivables

The Group's current financial assets consist for the most part of SEK 1,077 M (1,233) in trade receivables. The average credit period for trade receivables is 20 days (18).

Capital management

The Group's equity, which is defined as total reported equity, amounted at year-end to SEK 4,417 M (3,968). Return on equity amounted to 33.8 per cent (27.5).

The 2021 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.

Bilia's dividend policy prescribes that at least 50 per cent of the net profit for the year be distributed to the shareholders. In 2021 dividend of SEK 6 per share was paid, which corresponded to 60 per cent of earnings for 2020.

Financing agreements

Connected to the financing agreement there are covenants regarding the ratio of EBITDAJ in relation to the net financial items, net debt to EBITDAJ and bank loans in relation to the sum of fixtures and fittings, interests in associated companies, inventories and net trade receivables. The lender is contractually entitled to cancel the lease for renegotiation or termination if the above requirements are not met. As of 31 December 2021, all conditions were met by a good margin.

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.

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. According to Bilia's finance policy at least 50 per cent of the lines of credit shall have a remaining maturity of at least one year. Contracts was signed in March 2020 until March 2025 for lines of credit totalling SEK 1,500 M and was unutilised at year-end. Bilia's financial liabilities amounted to SEK 6,967 M (7,087) at year-end, and the maturity structure of the debt is shown in the table Maturity structure – Financial liabilities.

Liquidity reserve	Currency	Nominal amount	Total amount	Utilised	Available
Credit facilities and loans	SEK	1,500	1,500	—	1,500
Total			1,500	—	1,500
Available cash and cash equivalents					754
Total					2,254

Maturity structure – Financial liabilities

The following table shows the maturity structure of the financial liabilities on the balance sheet date, undiscounted cash flows.

Financial liabilities	<1 year	1–5 year	>5 år	Total amount
Bond issue	19	1,327	—	1,346
Leasing liabilities	679	1,893	1,370	3,942
Borrowing debts	257	2	15	274
Trade payables	1,435	—	—	1,435
Other financial liabilities	1	15	6	22
Total	2,391	3,237	1,391	7,019

Note 26 cont'd.

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. 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 and changes in cash flow. 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.

At the balance sheet date, Bilia had the following interest rate profile on its financial instruments:

Carrying amounts with variable interest	2021	2020
Financial assets	754	2,063
Financial liabilities	5,530	4,865

Sensitivity analysis

As of 31 December 2021, a general increase in the interest rate by 1 percentage point is expected to decrease the Group's profit before tax by SEK 43 M (23).

Currency risk

Bilia is exposed to different types of currency risks. The foremost exposure comes from currency 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 currency risk. They may only be used by the parent company's Finance Department 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 sales to their home market and products are purchased in the local currency. Financing in the subsidiaries is in local currency and therefore 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 currency against SEK.

Currency swaps	2021		2020	
	Currency	SEK	Currency	SEK
EUR	-56	-577	-59	-592

Currency swaps fall due mainly 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	2021		2020	
	Amount	%	Amount	%
NOK	1,219	71	804	69
EUR	501	29	358	31

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 72 M (44) against the Norwegian krone and SEK 9 M (5) 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 approved by the MD of Bilia AB.

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 a 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 receivables is concerned, an overall assessment is made of future payments together with

credit history experience of 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 7 M (8). Impairment loss for the year amounts to SEK 5 M (3).

Age analysis, trade receivables	2021		2020	
	Gross	Impairment	Gross	Impairment
Trade receivables not due	850	—	866	—
Overdue trade receivables 0–30 days	129	–2	314	–1
Overdue trade receivables 31–90 days	58	–2	49	–4
Overdue trade receivables 91–180 days	30	–5	9	–7
Overdue trade receivables 181–360 days	14	–1	4	–2
Overdue trade receivables > 360 days	11	–5	8	–3
Total	1,092	–15	1,250	–17

Bilia's hire-purchase receivables amounts SEK 0 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 financing with recourse liabilities not due amounts to SEK 165 M (166).

Credit losses for financing with recourse liabilities have historically been on a very low level.

Age analysis, recourse liabilities	2021		2020	
	Gross	Impairment	Gross	Impairment
Recourse liabilities not due	5,886	—	6,172	—
Overdue recourse liabilities 0–30 days	7	—	8	—
Overdue recourse liabilities 31–90 days	1	—	2	—
Total	5,894	—	6,182	—

Concentration of credit risk

The three largest customers account for 26.8 per cent (19.3) of the trade receivables. The customers are primarily finance companies as Bilia's business model includes brokering leasing

agreements. The credit risk among these customers is judged to be low.

Allowance account	2021		2020	
	Trade receivables	Recourse liabilities	Trade receivables	Recourse liabilities
Opening balance	–17	—	–15	—
Reversal of previous impairment losses	7	—	1	—
Impairment losses for the year	–5	—	–3	—
Translation difference	0	—	0	—
Closing balance	–15	—	–17	—

Note 27 Leases

► Accounting principle

Bilia applies 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 a smaller amount regarding company cars. 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.

All lease liabilities are specified as current and non current :

Lease liabilities	2021	2020
Current	679	558
Non current	3,263	2,288
Total	3,942	2,846

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.

Specification of costs for leases	2021	2020
Depreciation of right-of-use assets	-494	-440
Interest expense on lease liabilities	-104	-82
Income from sublets of right-of-use assets	6	7
Short-term lease and leases of low value	-6	-8
Consolidated statement of Income	-598	-523

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	2021	2020
Cash flow related to leases	-631	-562

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

	2021	2020
Lease income for the year	453	481
Total lease income for the year	453	481
Future lease income		
Within one year	385	435
Between one and five years	150	222
Later than five years	2	1
Total	537	658

A cost of SEK 18 M (16) is recognised for repairs and maintenance of leased cars and facilities.

Note 28 Capital commitments

During 2021 the Group concluded agreements to acquire SEK 172 M (86) worth of intangible non-current assets and property, plant and equipment. These commitments are expected to be settled during the following financial year.

Note 29 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	2021	2020
For own liabilities and provisions		
Floating charges	587	587
Leased vehicles and hire-purchase receivables	240	209
Real property	—	21
Pledged assets		
- Endowment policies	307	224
- Inventories	27	266
Total	1,161	1,307

Contingent liabilities	2021	2020
Surety	12	1
Pension obligations in addition to those accounted for as liabilities and provisions	307	224
Recourse liabilities	5,894	6,182
Total	6,213	6,407

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 financing with recourse liabilities not due amounts to SEK 165 M (166). Credit losses for financing with recourse liabilities have historically been on a very low level.

Note 30 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 (27) of the votes in the company. Board member Nicklas Paulson is MD in Investment AB Öresund.

Related party transactions	2021	2020
Sales of goods and services to associated companies	1,336	1,560
Purchases of goods and services from associated companies	412	366
Commissions/ interest/ dividend from associated companies	120	136
Outstanding receivables from associated companies	80	44
Outstanding debt to associated companies	47	56
Contingent liabilities for associated companies	5,894	6,182
Sales of goods and services to key persons	3	4

Transactions with key management personnel are priced on market terms.

Note 31 Cash and cash equivalents and specifications for cash flows

➤ Accounting principle

Bilia applies IAS 7 Statement of Cash Flows in accounting for cash flows.

	2021	2020
The following items are included in cash and cash equivalents		
Cash on hand and demand deposits	750	2,021
Cash on hand	3	1
Short-term investments, equivalent to cash	1	41
Total according to Statement of Cash Flows	754	2,063

Interest paid and dividends received	2021	2020
Dividends received	—	11
Interest received	5	2
Interest paid	-155	-148
Total	-150	-135

Depreciation/amortisation and impairment losses	2021	2020
Depreciation/amortisation	1,270	1,128
Impairment losses	95	60
Total	1,365	1,188

Other items not affecting cash	2021	2020
Capital gain on sales of property, plant and equipment	—	-5
Profit from shares in associated companies	-55	-36
Other provisions	-72	53
Profit share to employees	27	25
Other	-97	69
Total	-197	106

Acquisition of subsidiaries and other business entities

Acquired assets and liabilities	2021	2020
Intangible assets	936	49
Property, plant and equipment	1,308	131
Long-term investments	—	1
Deferred tax asset	10	0
Inventories	354	60
Operating receivables	283	24
Cash and cash equivalents	251	48
Total assets	3,142	313
Deferred tax liability	143	25
Interest-bearing liabilities	698	0
Non-interest-bearing liabilities	930	70
Total provisions and liabilities	1,771	95
Acquired net assets	1,371	218
Purchase consideration:	45	—
Purchase consideration, cash	1,326	218
Less: Cash and cash equivalents in disposed business	251	48
Impact on cash and cash equivalents	-1,075	-170

Disposal of subsidiaries and other business entities

Disposal of assets and liabilities	2021	2020
Inventories	—	7
Total assets	—	7
Capital gain	—	-5
Total provisions and liabilities	—	-5
Sales price:	—	12
Purchase consideration received	—	12
Less: Cash and cash equivalents in disposed business	—	—
Impact on cash and cash equivalents	—	12

Note 31 cont'd.

Reconciliation of liabilities deriving from financing activities

	Opening liabilities 2021	Cash Flows	Non-cash adjustments			Closing liabilities 2021
			Acquisition of subsidiaries	Net changes in lease agreements	Exchange rate differences	
Other loans	584	-271	79	-111	2	283
Personnel fund	5	—	—	—	—	5
Bond issue	1,430	-130	—	—	—	1,300
Lease liabilities	2,846	-543	619	1,083	-63	3,942
Total liabilities deriving from financing activities	4,865	-944	698	972	-61	5,530

	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	—	—	—	—	5
Bond issue	1,300	130	—	—	—	1,430
Lease liabilities	2,897	-482	—	-604	-173	2,846
Total liabilities deriving from financing activities	5,164	-762	34	-578	-149	4,865

Unutilised credit facilities	2021	2020
Unutilised credit facilities amount to	1,545	1,541

Note 32 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.

On 1 February 2022 Bilia sold four facilities in Skaraborg to Bröderna Brandt Personbilar AB. These facilities conduct sales of new cars, used cars and service for Volvo and Renault. The sale also includes a fuel station in Tidaholm.

On 1 February 2022 Bilia sold the remaining four facilities in Germany to Autohaus Krah + Enders GmbH & Co. KG, a BMW dealer in Germany. These facilities conduct sales of new cars, used cars and service for BMW and MINI.

On 10 February 2021 Bilia signed an agreement with XPENG regarding sale of new cars and service operations for XPENG cars in Sweden. The cooperation with XPENG regarding sale of new cars will be conducted in the form of an agency agreement. Founded in 2015 and listed in the US, XPENG Motors is a leading technology company that makes everything from intelligent electric cars to electric aircraft for vertical takeoff and landing (eVTOL) and robotics.

Since February the uncertainty related to geopolitical developments and the announced sanctions between countries in Europe have increased. It is currently not possible to assess what effects this may have on the economy in Europe and Bilia's business areas.

Note 33 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 2021 comprise the Parent Company and its subsidiaries, together called the Group. The Group also includes holding in associated company. Bilia is a car dealer with service workshops located in the operating countries Sweden, Norway, Germany, Luxembourg and Belgium.

Income Statement for Parent Company

SEK M	Note	2021	2020
Net turnover	2	655	545
Administrative expenses	3, 4	-768	-621
Operating loss	20	-113	-76
Income/loss from financial items			
Profit from shares in Group companies	5	4	-1
Other interest income and similar line items	5	38	52
Interest expenses and similar line items	5	-31	-46
Profit after financial items		-102	-71
Appropriations	6	1,020	858
Profit before tax		918	787
Tax	7	-156	-161
Net profit for the year ¹⁾		762	626

¹⁾ Net profit for the year coincides with comprehensive income for the year.

Balance Sheet for Parent Company

SEK M	Note	31/12/21	31/12/20
Assets	18, 21		
Non-current assets			
Intangible assets	8		
Intellectual property		0	0
Total intangible assets		0	0
Property, plant and equipment	9		
Buildings		187	175
Construction in progress		9	39
Equipment, tools, fixtures and fittings		11	4
Total property, plant and equipment		207	218
Long-term investments			
Shares in Group companies	10	2,424	1,528
Other securities held as non-current assets	11	1	1
Deferred tax asset	7	84	61
Total long-term investments		2,509	1,590
Total non-current assets		2,716	1,808
Current assets			
Current receivables			
Trade receivables		1	3
Receivables from Group companies	23	1,480	1,429
Other receivables		47	31
Prepaid expenses and accrued income		109	89
Total current receivables		1,637	1,552
Cash on hand and demand deposits		559	1,833
Total current assets		2,196	3,385
Total assets		4,912	5,193

Balance Sheet for Parent Company

SEK M	Note	31/12/21	31/12/20
Equity and liabilities	18, 21		
Equity	12		
Restricted equity			
Share capital (102,799,952 shares)		257	257
Statutory reserve		47	47
Total equity		304	304
Non-restricted equity			
Share premium reserve		167	167
Retained earnings		349	778
Net profit for the year		762	626
Total non-restricted equity		1,278	1,571
Total equity		1,582	1,875
Untaxed reserves	13	1,218	1,016
Provisions			
Deferred tax liability	7	14	15
Total		14	15
Non-current liabilities			
Bond issue	16, 19	1,296	1,292
Other liabilities	16, 19	165	5
Total non-current liabilities		1,461	1,297
Current liabilities			
Trade payables	19	16	84
Bond issue	16, 19	—	130
Current tax liability		67	50
Liabilities to Group companies	23	376	555
Other liabilities		5	18
Accrued expenses and deferred income	17	173	153
Total current liabilities		637	990
Total equity and liabilities		4,912	5,193

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
	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Net profit for the year	
Opening equity 1 Jan. 2020	257	47	167	251	646	1,368
Reposting of last year's profit	—	—	—	646	-646	—
Buy-back of own shares	—	—	—	-122	—	-122
Incentive programme	—	—	—	3	—	3
Net profit for the year	—	—	—	—	626	626
Closing equity 31 Dec. 2020	257	47	167	778	626	1,875

Proposed dividend of SEK 5:25 was withdrawn due to regulation regarding the COVID-19 pandemic.

Opening equity 1 Jan. 2021	257	47	167	778	626	1,875
Reposting of last year's profit	—	—	—	626	-626	—
Dividend (SEK 6.00 per share)	—	—	—	-587	—	-587
Buy-back of own shares	—	—	—	-517	—	-517
Use of shares in own custody as payment for acquisition of operations	—	—	—	45	—	45
Incentive programme	—	—	—	4	—	4
Net profit for the year	—	—	—	—	762	762
Closing equity 31 Dec. 2021	257	47	167	349	762	1,582

Cash Flow Statement for Parent Company

SEK M	Note	2021	2020
Operating activities	24		
Profit after financial items		-102	-71
Other items not affecting cash		38	36
Tax paid		-163	-157
Cash flow from operating activities before change in working capital		-227	-192
Change in operating receivables		128	844
Change in operating liabilities		-76	512
Cash flow from operating activities		-175	1,164
Investing activities			
Acquisition of non-current assets (intangible and tangible)		-18	-39
Operating cash flow		-193	1,125
Investments in financial assets		—	-2
Acquisition of subsidiaries		-857	-205
Cash flow from investing activities		-875	-246
Financing activities			
Borrowings		—	900
Repayment of loans		-130	-770
Change in overdraft facility		—	-7
Buy-back of own shares		-517	-122
Dividend paid		-587	—
Group contributions received		1,011	859
Cash flow from financing activities		-223	860
Change in cash and cash equivalents		-1,274	1,778
Cash and cash equivalents at start of year		1,833	55
Cash and cash equivalents at year-end		559	1,833

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 mainly 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

	2021	2020
Net turnover/function		
Rental income	384	347
IT and educational services	8	9
Other	263	189
Total	655	545

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 M	2021	2020
PwC		
Auditing assignment	-1	—
Auditing activities other than the auditing assignment	0	—
Tax advice	—	—
Other assignments	—	—
SEK M	2021	2020
KPMG		
Auditing assignment	—	-1
Auditing activities other than the auditing assignment	—	—
Tax advice	—	0
Other assignments	0	0

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

	2021	2020
Profit/loss from shares in Group companies		
Loss from shares in Group companies	-92	-62
Dividend	102	76
Impairment losses	-6	-15
Total	4	-1
Other interest income and similar line items		
Interest income from Group companies	36	52
Other exchange gains	2	—
Total	38	52
Interest expenses and similar line items		
Interest expenses, other	-31	-41
Loss currency swaps	—	-1
Other exchange losses	—	-4
Total	-31	-46

Note 6 Appropriations

	2021	2020
<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	-9	-5
<i>Tax allocation reserves:</i>		
Reversal of tax allocation reserve, allocated financial year 2014	—	105
Provision to tax allocation reserve, allocated financial year 2020	—	-253
Reversal of tax allocation reserve, allocated financial year 2015	98	—
Provision to tax allocation reserve, allocated financial year 2021	-292	—
<i>Group contributions:</i>		
Group contributions received	1,224	1,019
Group contributions paid	-1	-8
Total	1,020	858

Note 7 Taxes

Recognised in the Income Statement

	2021	2020
Current tax expense (-)/tax income (+)		
Tax expense/income for the year	-181	-162
Adjustment of tax attributable to previous years	0	-1
Total current tax	-181	-163
Deferred tax expense (-)/tax income (+)		
Deferred tax pertaining to temporary differences	25	3
Deferred tax pertaining to changed tax rates	—	-1
Total deferred tax	25	2
Total tax expense recognised	-156	-161

	2021		2020	
	Amount	%	Amount	%
Reconciliation of effective tax				
Profit before tax	918		787	
Tax according to applicable tax rate	-189	20.6	-168	21.4
Tax attributable to previous years	0	0	-1	0.1
Tax effect attributable to impairment of group companies	-1	0.9	-3	0.4
Tax effect of non-deductible expenses	-9	0.1	-11	1.4
Tax effect of non-taxable revenues	21	-2.3	5	-0.6
Tax effect of non-taxable dividends from group companies	21	-2.3	16	-2.1
Tax effect of changed tax rate	0	0	-1	0.1
Standard interest on tax allocation reserve	-1	0.1	-1	0.1
Direct deduction, buildings	2	-0.2	3	-0.4
Effective tax recognised	-156	16.9	-161	20.4

Recognised in the Balance Sheet

	Deferred tax asset		Deferred tax liability		Net	
	2021	2020	2021	2020	2021	2020
Deferred tax assets and liabilities						
Deferred tax assets and liabilities recognised						
<i>Deferred tax assets and liabilities are attributable to the following:</i>						
Building	0	0	14	15	-14	-15
Pension provisions	77	56	—	—	77	56
Restructuring costs	7	5	—	—	7	5
Tax assets/liabilities	84	61	14	15	70	46

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	
	2021	2020	2021	2020	2021	2020
Accumulated costs						
At start of year	5	5	17	27	22	32
Retirements	—	—	—	-10	—	-10
	5	5	17	17	22	22
Accumulated amortisation						
At start of year	-4	-4	-17	-27	-21	-31
Retirements	—	—	—	10	—	10
Amortisation for the year	—	0	—	0	—	0
	-4	-4	-17	-17	-21	-21
Accumulated impairment losses						
At start of year	-1	-1	0	0	-1	-1
	-1	-1	0	0	-1	-1
Carrying amount at year-end	0	0	0	0	0	0

Amortisation and impairment losses

Amortisation is included on the following lines in the Income Statement:

	Software, internally developed		Software, acquired		Total intellectual property	
	2021	2020	2021	2020	2021	2020
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	
	2021	2020	2021	2020	2021	2020
Accumulated costs						
At start of year	242	208	39	36	8	9
Purchases	4	35	6	3	8	1
Disposals and retirements	—	-1	—	—	—	-2
Reclassifications	35	—	-36	—	1	—
	281	242	9	39	17	8
Accumulated depreciation						
At start of year	-67	-45	—	—	-4	-4
Disposals and retirements	—	1	—	—	—	1
Depreciation for the year	-27	-23	—	—	-2	-1
	-94	-67	—	—	-6	-4
Carrying amount at year-end	187	175	9	39	11	4

Depreciation and impairment losses

Depreciation is included on the following lines in the Income Statement:

	Buildings		Construction in progress		Equipment, tools, fixtures and fittings	
	2021	2020	2021	2020	2021	2020
Administrative expenses	-27	-23	—	—	-2	-1

No impairment losses have been recognised.

Property, plant and equipment under construction

Conversion projects, primarily in Stockholm, Västerås and Gothenburg in Sweden.

Note 10 Shares in Group companies

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	
						2021	2020
Bilia Ferdinand Holding AB	Sweden	559095-6073	Malmö	10,000	100	466	—
Bilia Holding S.à r.l.	Luxembourg	B204406	Luxembourg	30,211	90	364	244
Bilia Emond Luxembourg	Luxembourg	B204743	Luxembourg				
S.A. Bilia Emond Belgium	Belgium	0412 804 284	Arlon				
Bilia Personbilar AB	Sweden	556063-1086	Gothenburg	1,000,000	100	310	310
EBD Scandinavia AB	Sweden	559003-6207	Stockholm				
Personbilar i Skaraborg AB	Sweden	559340-0434	Gothenburg				
Bilia Center Auto AB	Sweden	559082-3851	Stockholm	300,000	100	259	—
Bilia Bil Dahl AB	Sweden	556375-6856	Umeå				
Bernats Bil AB	Sweden	556249-6678	Stockholm				
Bernats Hyrlast & Rental AB	Sweden	559061-6230	Stockholm				
Bilia Norge AS	Norway	976 023 188	Oslo	150,000	100	197	197
Toyota Bilia 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	184	184
Autohaus Bilia GmbH & Co. KG	Germany	HRA 3167	Nidda	1	100	82	88
Autohaus Bilia Verwaltungs GmbH	Germany	HRB 6551	Nidda				
ECRIS AB	Sweden	556484-6334	Gothenburg	11,000	100	85	85
Bilia Center AB	Sweden	556083-0084	Gothenburg	500	100	85	85
Riddersbergs Fastighets AB	Sweden	556902-1479	Gothenburg	500	100	79	79
Fastighetsbolaget Ellipsvägen 4 AB	Sweden	556052-1956	Huddinge	1,000	100	61	61
City Däck Öresund AB	Sweden	556884-0598	Malmö	505	100	57	—
Jönköpings Bildemontering AB	Sweden	556144-3614	Gothenburg	2,000	100	54	54
Allbildelar Försäljning i Huddinge AB	Sweden	556355-3378	Gothenburg	3,000	100	40	40
Fastighetsbolaget Brunnsvägen 35 AB	Sweden	556035-5322	Södertälje	2,400	100	35	35
Motorit AB	Sweden	556054-6573	Gothenburg	160,000	100	19	19
Fastighetsbolaget Eskilstuna Navaren 7 AB	Sweden	556457-6949	Eskilstuna	4,000	100	17	17
Allbildelar i Huddinge AB	Sweden	556164-2710	Huddinge	1,300	100	12	12
Bastborren Fastighets AB	Sweden	556229-8447	Västerås	1,000	100	9	9
Dalskogen fastighets AB i Lysekil	Sweden	556972-6788	Uddevalla	50,000	100	4	4
Fastighets AB Strängnäs Graniten 4	Sweden	559040-7846	Strängnäs	1,000	100	2	2
Bilia Group AB	Sweden	556046-5659	Gothenburg	10,000	100	2	2
Bilia Holding Flanders NV	Belgium	0700 639 017	Lochristi	2,460	100	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
Fastighetsbolaget Uppställningen AB	Sweden	559220-3144	Stockholm	500	100	0	0
Carrying amount						2,424	1,528

Change in holdings of shares in Group companies

	2021	2020
Accumulated costs		
At start of year	3,507	3,292
Acquisitions	902	218
Disposals	—	-3
	4,409	3,507
Accumulated impairment losses		
At start of year	-2,369	-2,354
Impairment loss for the year	-6	-15
	-2,375	-2,369
Accumulated revaluation gains		
At start of year	390	390
	390	390
Carrying amount at year-end	2,424	1,528

Based on paragraph 264 b HGB (German Commercial Code) Autohaus Bilia GmbH & Co KG, Nidda, Germany is liberated from the obligation to prepare financial statements and management report based on German accounting rules for limited companies. Additionally, it is not necessary to audit and publish the financial statements according to paragraph 264 b HGB.

Note 11 Other securities held as non-current assets

	2021	2020
Accumulated costs		
At start of year	8	8
	8	8
Accumulated impairment losses		
At start of year	-7	-7
	-7	-7
Carrying amount at year-end	1	1

Note 12 Equity**Share capital and premium**

Thousands of shares	Ordinary shares	
	2021	2020
Issued on 1 January	102,800	102,800
Issued on 31 December	102,800	102,800

As of 31 December 2021, the registered share capital comprised 102,799,952 ordinary shares (102,799,952).

Holder 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 1,278 M, be disposed of as follows:

Cash dividend, SEK 6.00 per share ¹⁾	766
To be carried forward	512
Total	1,278

¹⁾ Based on the number of shares outstanding on 31 December 2021, 95,776,662 (excluding holdings of own shares 7,023,290).

The Board of Directors' dividend proposal will be subject to adoption at the Annual General Meeting on 7 April 2022.

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 consist 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

	2021	2020
Tax allocation reserve, year 2015	—	98
Tax allocation reserve, year 2016	115	115
Tax allocation reserve, year 2017	134	134
Tax allocation reserve, year 2018	170	170
Tax allocation reserve, year 2019	211	211
Tax allocation reserve, year 2020	253	253
Tax allocation reserve, year 2021	292	—
Accumulated depreciation in excess of plan	43	35
Total untaxed reserves	1,218	1,016

Note 14 Liabilities to credit institutions

	2021	2020
Current liabilities		
Granted credit	1,500	1,500
Unutilised credit	1,500	1,500
Utilised credit	0	0

Note 15 Pensions**Net pension obligations**

Costs for pensions	2021	2020
<i>Pensions through insurance</i>		
Insurance premiums	26	20
Subtotal	26	20
Special payroll tax on pension costs	25	5
Pension cost for the year	51	25
Recognised net cost attributable to pensions	51	25

Of the recognised net cost, SEK 51 M (25) is in the operation and SEK 0 M (0) in net financial items. Special payroll tax is partly attributable to defined benefit pension obligations, whereby the cost of payroll tax is not necessarily in relation to the year's insurance premiums.

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.

	2021	2020
Costs for the year for defined-contribution plans ¹⁾	26	25

¹⁾ Of which SEK 16 M (10) pertaining to ITP plan funded in Alecta.

The Parent Company estimates that SEK 31 M will be paid in 2022 to the defined-contribution plans, of which Alecta SEK 16 M.

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 21 "Pensions".

Note 16 Other liabilities

	2021	2020
Non-current liabilities, interest-bearing		
Bond issue	1,296	1,292
Personnel fund	5	5
Total	1,301	1,297
Current liabilities, interest-bearing		
Bond issue	—	130
Total	—	130
Liabilities that fall due for payment more than five years after the balance sheet date		
Personnel fund	5	5
Total	5	5

Note 17 Accrued expenses and deferred income

	2021	2020
Accrued wages and salaries	41	34
Accrued social security contributions	95	73
Accrued interest	6	6
Other accrued expenses	31	40
Total	173	153

Note 18 Financial instruments

Fair value and carrying amount for financial instruments and categorisation are presented below:

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
<i>Assets measured at fair value through the Income Statement</i>				
Currency swaps	1	1	9	9
<i>Interest-bearing assets measured at amortised cost</i>				
Trade receivables	1	1	3	3
Cash and cash equivalents	559	559	1,833	1,833
<i>Debts measured at amortised cost</i>				
Personnel fund	5	5	5	5
Trade payables	16	16	84	84
Bond issue	1,296	1,296	1,422	1,422

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 25 "Financial instruments".

Level 2	2021	2020
Financial assets measured at fair value through profit or loss/Currency swaps	1	9

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 26 "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	Currency	2021				2020			
		<1 yr	1-5 yrs	>5 yrs	Total amount	<1 yr	1-5 yrs	>5 yrs	Total amount
Bond issue	SEK	19	1,327	—	1,346	150	1,354	—	1,504
Personnel fund	SEK	—	—	5	5	—	—	5	5
Trade payables	SEK	16	—	—	16	84	—	—	84
Total		35	1,327	5	1,367	234	1,354	5	1,593

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 2021, the property leases covered about 318,000 square meters (316,000).

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.

Leases – Lessee

Non-cancellable lease payments amount to:

	2021	2020
Minimum lease payments for the year	-376	-325
Total lease costs for the year	-376	-325
Future lease payments		
Within one year	-347	-294
Between one and five years	-1,259	-882
Later than five years	-1,596	-986
Total	-3,202	-2,162

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:

	2021	2020
Lease payments for the year	406	348
Total lease payments for the year	406	348

The contractual annual rent is SEK 406 M and the leases expire between 2023 and 2036.

Note 21 Capital commitments

During 2021 the Parent Company concluded agreements to invest SEK 159 M (16) in non-current assets for delivery in 2022.

Note 22 Pledged assets and contingent liabilities

Pledged assets	2021	2020
For own liabilities and provisions		
<i>Pledged assets</i>		
– Endowment policies	298	216
– Promissory note loan	447	447
Total pledged assets	745	663
Contingent liabilities	2021	2020
Rent guarantees ¹⁾	99	85
Guarantee for the benefit of subsidiaries	657	1,362
Total contingent liabilities	756	1,447

¹⁾ The amount pertains to rent guarantees of SEK 99 M (85) pledged for Bilia AB's subsidiaries in Norway and Sweden. The stipulated amount is the annual rent for leases of varying length.

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 (27) 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	2021	648	23	137	1,480	376
Subsidiaries	2020	538	19	128	1,429	555
Contingent liabilities for subsidiaries	2021	757				
Contingent liabilities for subsidiaries	2020	1,447				

Transactions with key management personnel are priced on market terms.

Note 24 Cash Flow Statement

Dividends received and Group contributions	2021	2020
Group contribution received	1,011	859
Total	1,011	859

Adjustment for non-cash items	2021	2020
Depreciation/amortisation	28	24
Impairment losses	6	15
Other line items not affecting liquidity	4	-3
Total	38	36

Unutilised credit facilities	2021	2020
Granted credit	1,500	1,500
Utilised credit	0	0
Unutilised credit	1,500	1,500

Note 25 Events after the balance sheet date

The financial statements were approved for publication by the company's Board of Directors on 14 March 2022.

No significant events have occurred from the balance sheet date until the signing of this report.

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, 14 March 2022

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 15 March 2022
PricewaterhouseCoopers AB

Fredrik Göransson
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 14 March 2022. 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 7 April 2022.

Auditor's Report

To the general meeting of the shareholders of Bilia AB (publ), corporate identity number 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 2021 except for the Corporate Governance Statement on pages 39–46 and the Sustainability Report on pages 29–38. The annual accounts and consolidated accounts of the company are included on pages 14–108 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 Parent Company and the Group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the Corporate Governance Statement on pages 39–46 and the Sustainability Report on pages 29–38. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the General Meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Parent Company's Audit Committee 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.

Other matter

The audit of the annual accounts and consolidated accounts for year 2020 was performed by another auditor who submitted an auditor's report dated 10 March 2021, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Auditor's Report cont'd.

Key audit matter*Recognition of revenue from cars sold with conditions to repurchase at guaranteed residual values*

During the 2021 financial year, the Group's revenue amounted to SEK 35,509 M, divided between products and services. Note 2 explains the Group's accounting principles for revenue and the accounting estimates that management has to make when applying the accounting principles. Note 2 also describes the Group's accounting principles for revenue from cars sold with repurchase agreements.

The majority of the Group's revenue (approximately 80 per cent) derives from sales of new and used cars. Revenue from the sale of a car is recognised when control of the car has been transferred to the customer, which is normally at a given point in time and usually when the car is delivered to the customer. As part of its business operation, the Group also sells cars with conditions for Bilja to repurchase a sold car at a pre-guaranteed residual value. Revenue from these transactions is not recognised at the time of the sale but allocated on a straight-line basis from the time of the sale until the time of repurchase. The agreements also mean that the Group assumes residual value risks, and that the Group may in future be forced to dispose of used cars at a loss if the net realisable value of these cars is lower than foreseen when the agreement was entered into. As a result, management has to make ongoing accounting estimates regarding the future net realisable values of the cars sold with repurchase agreements. In accordance with the Group's accounting principles, a write-down requirement may arise if future gross profits, including estimated losses on repurchase obligations, are less than the carrying amount of the cars.

How our audit addressed the key audit matter*How the matter has been dealt with in the audit*

The procedures we performed for our audit of the Group's revenue from cars sold with conditions to repurchase at guaranteed residual values include, but are not limited to, the following steps:

- Inspecting the accounting principles applied by the Group for revenue recognition, including revenue recognition for cars sold with conditions to repurchase at guaranteed residual values, and an assessment of how this complies with IFRS 15 Revenue from Contracts with Customers.
- Conducting an evaluation of the procedures and processes established by management to recognise revenue in accordance with the Group's accounting principles.
- Random checks of agreements with customers and assessing whether the contractual terms are reflected in the Group's reporting.
- Random checks of management's assessment regarding residual value risks and assessment of net realisable values against external market data.
- Conducting data analyses to match recognised revenue against sales transactions in underlying business systems, and carrying out random checks of sales transactions against payment documentation.
- Finally, we also assessed the accuracy of the disclosures provided by the Group regarding revenue recognition.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–13 and 113–120. 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 information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's 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 responsi-

ble 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 skepticism 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 Director's and the Managing Director.
- Conclude on the appropriateness of the Board of Director's 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 taken to eliminate threats or countermeasures.

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

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss.

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Bilja AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's 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 Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's 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 skepticism 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

Auditor's Report cont'd.

able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the ESEF report Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Bilia AB (publ) for the financial year 2021.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the ESEF report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Bilia AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the ESEF report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the ESEF report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires me (us) to plan and execute procedures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order

to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the ESEF report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the ESEF report, i.e. if the file containing the ESEF report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the ESEF report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the Corporate Governance Statement on pages 39–46 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.

Auditor's report on the statutory sustainability report

It is the board of directors who is responsible for the statutory Sustainability Report on pages 29–38 and that it has been 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 substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory Sustainability Report has been prepared.

PricewaterhouseCoopers AB, 405 32 Göteborg, was appointed auditor of Bilia AB (publ) by the General Meeting of the shareholders on April 27 2021 and has been the company's auditor since then.

Gothenburg 15 March 2022
PricewaterhouseCoopers AB

Fredrik Göransson
Authorised Public Accountant

Five-year Review

SEK M, unless otherwise stated.	2021	2020	2019	2018	2017
Consolidated Statement of Income and Other Comprehensive Income					
Net turnover	35,509	30,168	29,508	28,382	27,492
Operational earnings	2,142	1,593	1,239	1,034	1,006
Operating profit	1,925	1,364	1,125	943	923
Net financial items	-95	-104	-111	-21	-27
Profit before tax	1,830	1,260	1,014	922	896
Tax	-373	-276	-207	-188	-205
Net profit for the year	1,457	984	807	734	691
Statement of Financial Position					
Equity	4,417	3,968	3,186 ¹⁾	2,915	2,620
Balance sheet total	17,200	16,416	16,081 ²⁾	12,071	10,958
Capital employed	9,947	8,833	8,349 ³⁾	5,272	4,511
Net debt	4,252	2,333	4,493 ⁴⁾	1,603	1,282
Ratio of net debt to EBITDA, excl. IFRS 16, times	0.2	-0.2	1.3 ⁵⁾	1.3	1.0
Statement of Cash Flows					
Cash flow from operating activities	1,987	3,155	1,437	1,127	1,293
Investments and disposals in non-current assets, including leased assets	173	283	582	585	938
Operating cash flow	1,814	2,872	855	542	355
Key ratios					
Return on capital employed, %	20.5	16.7	15.8 ⁶⁾	20.5	23.4
Return on equity, %	33.8	27.5	26.5	26.5	27.0
Operational margin, %	6.0	5.3	4.2 ⁷⁾	3.6	3.7
Operating margin, %	5.4	4.5	3.8	3.3	3.4
Equity/assets ratio, %	25.7	24.2	19.8 ⁸⁾	24.1	23.9
Per share data					
Earnings per share, SEK	14.90	9.85	8.00	7.25	6.75
Equity per share, SEK	46.10	40.05	31.80	28.85	25.95
Operating cash flow per share, SEK	18.55	28.70	8.50	5.35	3.45
Dividend per share, SEK	8.00 ⁹⁾	6.00	—	4.75	4.50
Share price at year-end, SEK	160.20	101.40	106.30	82.85	80.00
P/E ratio, times	11	10	13	11	12
Other information					
Wages, salaries and other remunerations	2,608	2,276	2,374	2,230	2,159
Employees, average number	4,385	4,097	4,298	4,221	4,090

¹⁾ Equity decreased by SEK 31 M attributable to the introduction of IFRS 16.

²⁾ Balance sheet total increased by SEK 2,597 M attributable to the introduction of IFRS 16.

³⁾ Capital employed increased by SEK 2,589 M attributable to the introduction of IFRS 16.

⁴⁾ Net debt increased by SEK 2,620 M attributable to the introduction of IFRS 16.

⁵⁾ The ratio of net debt to EBITDA increased by 1.0 times attributable to the introduction of IFRS 16 to 2.3 times.

⁶⁾ Return on capital employed, excluding IFRS 16 amounted to 20.8 per cent.

⁷⁾ Operational margin increased by 0.2 percentage points attributable to the introduction of IFRS 16.

⁸⁾ Equity/assets ratio, excluding IFRS 16, amounted to 23.8 per cent.

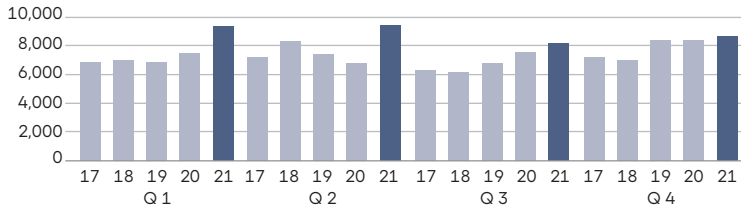
⁹⁾ Proposed dividend.

For information on calculations of the number of shares, see "Data per share" under the section headed "The Bilia share".

For the section "Per share data", 2017 have been recalculated after the 2:1 stock split.

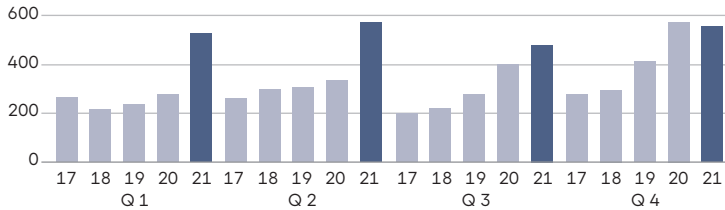
2019 has been recalculated regarding the classification of IFRS 16 transactions regarding operating cash flow.

Net turnover, SEK M



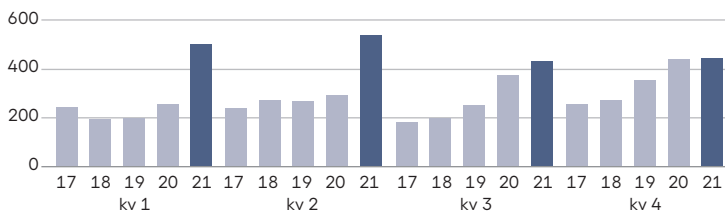
Net turnover increased by 18 per cent (2) in 2021 compared to last year. The average increase over the past five years amounted to 8 per cent. The target is 5–10 per cent over a business cycle. Net turnover increased by 20 per cent (4) in the Car Business. Net turnover increased by 12 per cent (1) in the Service Business and by 15 per cent (-18) in the Fuel Business. Excluding acquisitions and currency effects, net turnover increased by 10 per cent on last year.

Operational earnings, SEK M



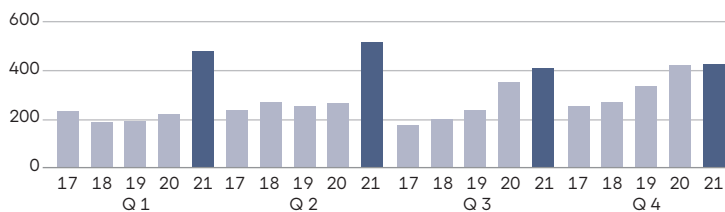
Operational earnings in 2021 amounted to SEK 2,142 M (1,593), an increase of 34 per cent (29). Earnings for the first half-year increased by 79 per cent (13), while earnings in the second half-year increased by 6 per cent (41). All quarters except for quarter 4 reported the best earnings for that quarter over the past five years.

Operating profit, SEK M



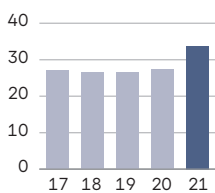
Operating profit for 2021 increased by 41 per cent and amounted to SEK 1,925 M (1,364). All quarters increased the result and were the best for each quarter for the past five years. Quarter 2 was the best quarter ever with an operating profit of SEK 541 M and quarter 1 was the next best ever with an operating profit of SEK 504 M.

Profit before tax, SEK M



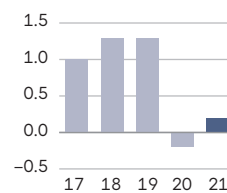
Profit before tax in 2021 increased by 45 per cent and amounted to SEK 1,830 M (1,260). All quarters increased on last year and quarter 2 was the best quarter ever the last five years. The increase for the quarter 2 was 94 per cent which was the highest in per cent during the past 5 years.

Return on equity, %



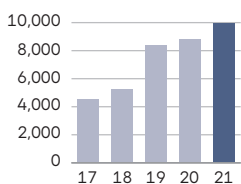
Return on equity increased on last year and amounted to 33.8 per cent (27.5). Over the past five years, return on equity has been 28.3 per cent on average. The target for return on equity is at least 18.0 per cent.

Net debt/EBITDA excl. IFRS 16, times



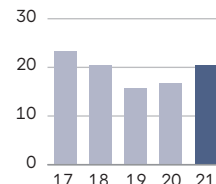
The ratio of net debt to EBITDA, excluding IFRS 16, was 0.2 times (-0.2). Last year the debt by the end of the year was positive. Over the past five years, the ratio of net debt to EBITDA has been 0.7 times on average. The target for this ratio is to not exceed 2.0 times in the long term.

Capital employed, SEK M



Capital employed increased by SEK 1,114 M and amounted to SEK 9,947 M (8,833). The increase was mainly attributable to acquired operations.

Return on capital employed, %



Return on capital employed increased by 3.8 percentage points and amounted to 20.5 per cent (16.7). Over the past five years, return on capital employed has been 19.4 per cent on average.

The Bilia share

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

At 31 December 2021, the share capital amounted to SEK 257 M (257), divided among 102,799,952 shares, including repurchased own shares of 7,023,290. The quotient value is SEK 2.50 per share. Each share represents one vote. All shares are entitled to an equal share in Bilia's assets and profits.

Total return

The OMX Stockholm Retail PI rose by 6 per cent in 2021. The Bilia share increased from SEK 101.40 to SEK 160.20 during the year. The highest price paid, SEK 225.00, was quoted on 23 July 2021. The lowest price paid, SEK 98.85, was quoted on 23 February 2021.

Bilia's shareholders received a total return of 63 per cent (-5) in 2021. The calculation is based on share price performance including received dividend.

Bilia's market capitalisation at year-end was SEK 16,469 M (10,424), based on the total number of shares outstanding. A total of 49.8 million Bilia shares (98.7) were traded in 2021 at a value of SEK 7,266 M (8,397). This turnover represented 51 per cent (99) of the weighted average number of shares.

The P/E ratio based on earnings in 2021 was 11 (10).

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 2021 is 0.77. This means that the price fluctuations for the Bilia share have been less than the average price fluctuations on Nasdaq Stockholm.

Number of shareholders

Bilia had 37,722 shareholders at the end of 2021, compared with 41,028 a year earlier. Most shareholders own relatively small lots. Of the shareholders, 87.2 per cent (87.2) owned fewer than 1,000 shares. The proportion of institutional ownership was 7.6 per cent (7.7), while the proportion of foreign ownership was 30.9 per cent (32.5). Bilia's holding of repurchased shares amounted to 6.8 per cent (3.8).

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 8.00

Bilia's Board of Directors proposes to the Annual General Meeting of 7 April 2022 that an ordinary dividend be paid in the amount of SEK 8.00 per share (6.00) to be paid out on four occasions. The proposed dividend corresponds to 53 per cent (60) of the net profit for the year.

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
- Andreas Lundberg, SEB
- Max Boustedt, Handelsbanken Capital Markets

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. 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	2021	2020	2019	2018	2017 ³⁾
Earnings, SEK	14.90	9.85	8.00	7.25	6.75
Equity, SEK	46.10	40.05	31.80	28.85	25.95
Operating cash flow, SEK	18.55	28.70	8.50	5.35	3.45
Share price at year-end, SEK	160.20	101.40	106.30	82.85	80.00
P/E ratio, times	11	10	13	11	12
Price/equity ratio, %	348	253	334	287	308
Dividend yield, %	5.5	7.0	—	6.2	5.3
Total return, %	63.1	-5.5	35.4	11.4	-19.9
Dividend, SEK	8.00 ¹⁾	6.00	—	4.75	4.50
Payout ratio, % ²⁾	53	60	—	65	66
Average number of shares, thousands	97,743	100,090	98,859	100,951	102,283
Number of shares outstanding, thousands	95,777	98,914	100,134	100,951	100,951

¹⁾ Proposed dividend.

²⁾ Calculated after assigned performance shares within the frame of incentive programmes, which gives 95,894,148 number of outstanding shares for 2021, 99,020,299 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.

³⁾ 2017 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
					Reduction/lowering of par value of share/subordinated shares, Series C
2004 ¹⁾	60,845,603	35,146,542	608	94	
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

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

Distribution of shares, 31 December 2021

Share holding	Total number of shareholders	Percentage of total no. of shareholders	Combined number of shares owned	Percentage of share capital
1-1,000	32,891	87.2	6,450,670	6.3
1,001-10,000	4,461	11.8	11,377,838	11.1
10,001-100,000	309	0.8	8,619,498	8.4
100,001-	60	0.2	69,328,656	67.4
Total	37,721	100.0	95,776,662	93.2
Repurchased own shares	1	0.0	7,023,290	6.8
Total	37,722	100.0	102,799,952	100.0

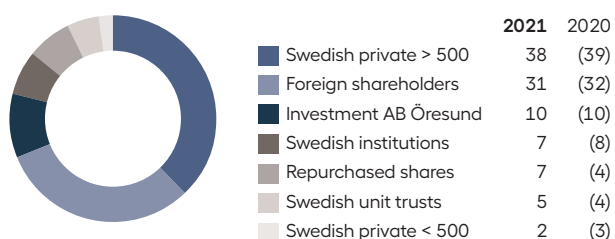
The 15 largest shareholders at 31 December 2021

	Total	Stake, per cent
Qviberg with family	13,219,389	12.9
Öresund, Investment AB	9,860,000	9.6
State Street Bank and Trust Co, W9	8,710,906	8.5
Bilia repurchased own shares	7,023,290	6.8
Engebretsen with family	5,170,360	5.0
JP Morgan Bank Luxembourg S.A.	3,694,203	3.6
BNY Mellon Na (Former Mellon), W9	3,112,613	3.0
JP Morgan Chase NA ¹⁾	2,499,899	2.4
Morgan Stanley & Co Intl Plc, W8imy	1,890,911	1.8
CBNY-Norges Bank	1,719,645	1.7
The Northern Trust Company	1,483,465	1.5
Nordea Investment Funds	1,239,420	1.2
Folksam	1,223,060	1.2
Pettersson, Jan with family ²⁾	1,200,000	1.2
Dybeck, Sten	1,163,111	1.1
Total	63,210,272	61.5
Remaining shareholders	39,589,680	38.5
Total	102,799,952	100.0

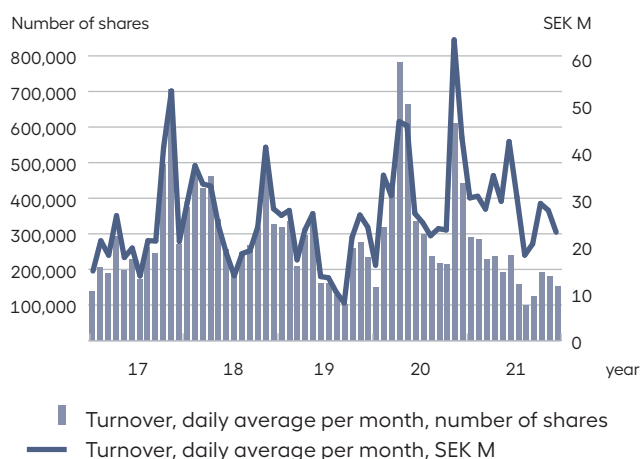
¹⁾ JP Morgan Chase NA has 9 funds with the same name and address. They have been aggregated in the table above.

²⁾ Includes shares in an endowment insurance with 1,020,000.

Ownership by categories at 31 December 2021, %

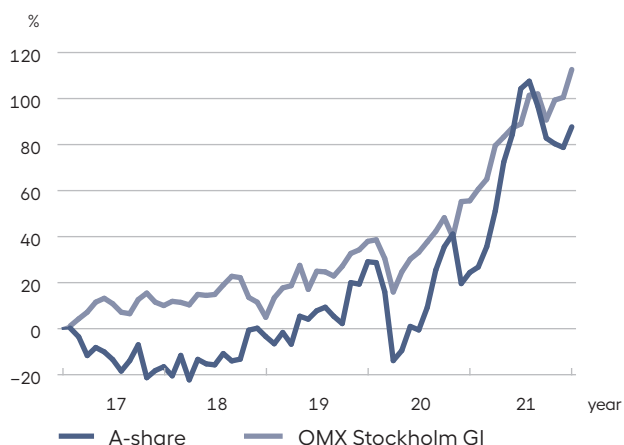


Turnover of Bilia share



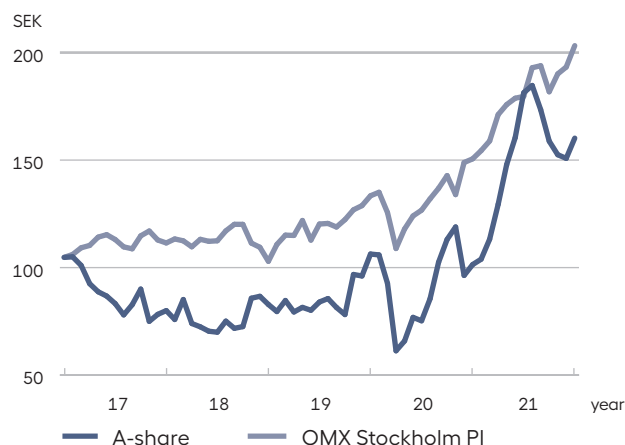
Source: Nasdaq

Total return of Bilia share



Source: Nasdaq

Development of Bilia share



Source: Nasdaq

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 current tax rates, in each country.

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, 7 April 2022

The AGM of Bilia AB will be held on Thursday 7 April 2022. Due to the ongoing pandemic, the Board has decided that the AGM 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, bilia.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 Wednesday 30 March 2022 and notify their intention to participate by casting their postal vote no later than Wednesday 6 April 2022 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 bilia.com.

The completed and signed form must be received by Bilia no later than 6 April 2022 and sent to Bilia AB, "Annual General Meeting 2021", c/o Computershare AB, Box 5267, 102 46 Stockholm or by e-mail to proxy@computershare.se. If the shareholder is a legal person, a registration certificate or other authorisation 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 bilia.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.

In order to be entitled to participate in the meeting, shareholders who have their shares nominee-registered through a bank or other nominee must, in addition to registering for the meeting by casting their postal vote, temporarily register the shares in their own name with Euroclear Sweden AB so that the shareholder becomes entered in the share register as of Wednesday 30 March 2022. Such registration of voting rights is requested from the nominee in accordance with the nominee's routines at such time in advance as the nominee determines. Voting rights registrations made by the nominee no later than Friday 1 April 2022 will be taken into account in the production of the share register.

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 8.00 per share (6.00) be paid in dividend to the shareholders, for a total of SEK 766 M (593).

Board of Directors

The Nominating Committee has announced that they intend to propose eight ordinary board members without deputies and propose re-election of the following members: Ingrid Jonasson Blank, Gunnar Blomkvist, Anna Engebretsen, Nicklas Paulson, Jan Pettersson, Mats Qviberg and Jon Risfeldt. The Nomination Committee propose new election of Caroline af Ugglas as member of the board. Eva Eriksson and Mats Holgerson have declined re-election. The Nominating Committee's proposal is available at bilia.com.

For complete information on the AGM, see the convening notice, which was issued 1 March 2022.

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).

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 than 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 etc.

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.

The Board may collect powers of attorney in accordance with the procedure specified in Chapter 7, Section 4, second paragraph, of the Swedish Companies Act (2005:551).

Prior to a General Meeting, the Board may decide that the shareholders shall be able to exercise their voting rights by post before the General meeting in accordance with the procedure specified in Chapter 7, Section 4 a of the Swedish Companies Act (2005:551).

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, 27 April 2021.



 **bilias**

VOLVO



Bilia is one of Europe's largest car dealer with a leading position within service and sales of cars, transport vehicles, trucks and supplementary services as financing and insurance. At the end of 2021, Bilia had 155 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 +46771-400 000
[bilia.com](https://www.bilia.com)

