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WORDS FROM OUR CEO

2019 was a year of improvements for the Hedin Group. That is the product of an intense focus on the improvement of the customer offer, while we simultaneously are working to increase efficiency in all parts of the Group.

The impact of changes in drivetrains and emission and tax regulations continues to affect the market. Our home markets Sweden, Norway and Belgium all increased the share of plug-in electric vehicles (PEVs). In Sweden, the registration of new passenger cars increased by 0.7 % to 356,000 compared to 2018, while the share of PEVs increased from 8.2 % to 11.4 %. In Belgium, the number of new registrations increased by 0.1 % to 558,000 compared to 2018. The share of PEVs went from 2.4 % to 3.2 %. We are particularly proud that Mercedes-Benz established itself as the number one premium brand in Belgium during 2019. The market in Norway decreased by 3.8 % to 142,000 passenger cars in 2019. The number of PEVs increased from 49.1% to 55.8 %. This means that Norway is still in the lead when it comes to the share of PEVs in the market compared to the rest of the world.

It is satisfying to wrap up 2019 after continuing improvements in performance. There are no short cuts to this. The improvement in margins is an ongoing work made up of several components: relevant products, an increased share of aftermarket service plans sold, a competitive offer of add on services such as financing and insurance, and the possibility to offer different ownership solutions focusing on a convenient and predictable customer journey. But an equally important component for success is the focus on cost control and increased efficiency.

Many of these improvements are facilitated through the investment in new IT solutions that combine internal organizational support while providing our customers with easy to use front end solutions. We will continue these efforts to realize the economies of scale we get by being one of Europe's largest car retailers.

Considering the recent global development with COVID-19 that has challenged all of us, and the uncertainties it brings, I want to say this: We are a family business that has been successful through good times and bad times for 35 years. Every new crisis is different from the ones before, but every crisis has also made us stronger. This has been possible by being well prepared and by acting quickly to stay competitive in a new environment. I want to thank everyone who contributed to a successful 2019, and I especially want to express my gratitude for all the efforts that are being made in this moment.



Anders Hedén, owner and CEO



2019 IN BRIEF

- On January 17, Hedin Örebro Bil AB opened a dealership for Jaguar and Land Rover in Örebro.
- On February 12, Bavaria Haugesund AS acquired 51% of the shares of MPS Micropaint Haugesund AS. The company's operations consist of the maintenance and reparation of vehicles.
- On February 18, Hedin Belgien Bil AB acquired a paint and body shop in connection to the car dealership in Lier, Belgium.
- GS Bildeler AS acquired 91% of the stocks in EBC Brakes Norge AS as of February 26. EBC Brakes is a whole sales agent of brakes and auto detailing supplies for cars and motorcycles.
- On March 22, Hedin Stockholm AB communicated that DS Automobiles expands to also include Malmö Jägersro.
- Hedin Stockholm Bil AB expanded the commercial vehicle operations by moving it from Kista to both Spånga and Akalla on March 27.
- April 10 marked the launch of Hedin Auction. It is a Swedish net-auction site for car retailers that focuses on the used Hedin vehicles that are not sold to end consumers. The solution gives transparency and market prices for all parties involved.
- On June 7, Bavaria Norge AS agreed to acquire three BMW-dealerships in Ålesund, Molde and Kristiansund in Norway from Brages Bil AS. The transaction was closed on August 14.
- On August 21, Hedin Belgien Bil AB acquired two Mercedes-Benz full-service facilities located between Antwerp and Gent.
- On August 22, Hedin Belgien Bil AB agreed to acquire a Mercedes-Benz full-service facility located between Antwerp and Brussels. The acquisition was completed on September 16.
- September 17 marks the grand opening of Porsche Center in Kristiansand, Norway.
- October 10 marks the grand opening of a new Porsche Center in Jönköping.
- October 14 marks the grand opening of a new KIA dealership in Tagene outside of Göteborg.
- On October 17, a MoU was signed with the Chinese electric hybrid manufacturer BYTON, regarding sales in the Norwegian market through Hedin Automotive AS.
- On November 31, the dealership owned by Hedin Örebro Bil AB in Norrköping was closed.
- On December 1, the assets and liabilities of a FordStore-site in Västerås is acquired from HermiBil i Mälardalen AB after their recent liquidation. The site in Västerås is the eighth owned by Hedin Mölndal Bil AB.

THE GROUP IN FIGURES

Amount in thousand SEK (kSEK)	2019	2018	2017	2016	2015
Net sales	22,301,382	21,043,340	12,657,046	9,744,132	8,075,853
Profit after financial items	147,954	112,964	143,781	166,138	158,553
Total assets	14,322,954	7,681,509	6,350,213	2,294,509	2,169,985
Return on equity %	12	12	18	22	20
Equity ratio %	9	15	17	27	28
Equity ratio % exklusive IFRS 16	13	15	17	27	28
Average number of employees	2,733	2,450	1,711	1,434	1,183

Definitions see page 70

22,301
NET SALES (MSEK)

148
RESULT (MSEK)



I.A. HEDIN BIL AB

I.A. Hedin Bil was founded in 1985 when father and son, Ingemar and Anders Hedin acquired Philipsons Bil in Borås. We started with two brands – Mercedes-Benz and Nissan. During the first year the company sold 800 vehicles, employed 40 people and had a turn-over of 45 million SEK.

In the early 90s the Borås based company grew through acquisitions in Halmstad, Ängelholm, Helsingborg and Göteborg. At the beginning of 2000 the expansion continued as more facilities were acquired and Hedin Bil became one of the largest car dealerships in Sweden.

In 2017 Miklagruppen, with dealerships in Norway and Sweden, was acquired. During the same year the company name was changed to Hedin Automotive. With this acquisition, two additional brands were added to the Group – Bavaria and KC Motors. The operations were also expanded through the addition of three Porsche Centers in Norway.

During 2019 Hedin Bil expanded in Belgium and as of today there are a total of fifteen Mercedes-Benz dealerships under the brand Hedin Automotive.

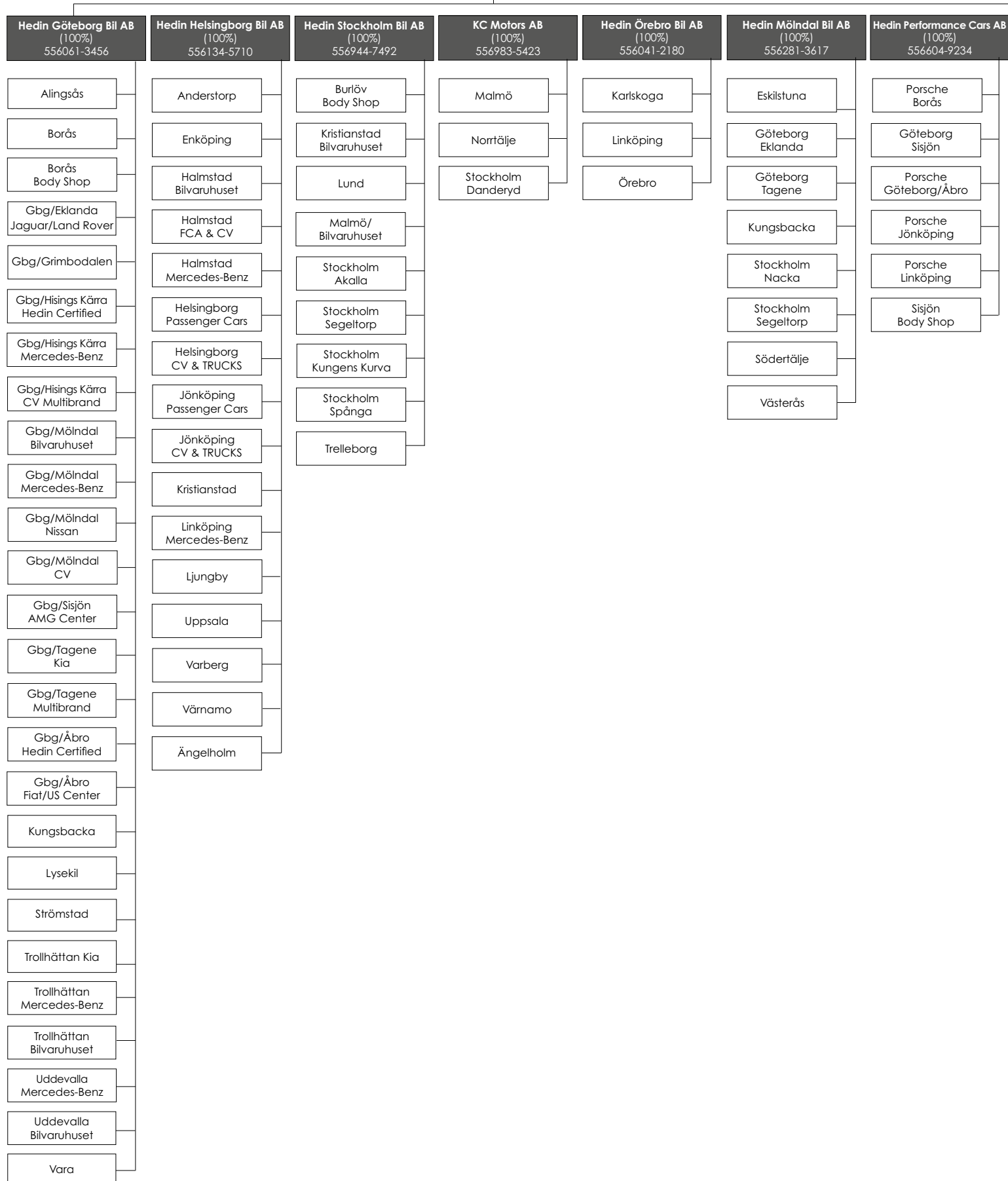
I.A. Hedin Bil AB is owned by Anders Hedin Invest AB, holding 91 % and Ingemar Hedin, holding 9 %. The head office is located in Mölndal. At the beginning of 2019, I.A. Hedin represents 33 car brands in more than 100 locations in Sweden, Norway and Belgium.

SUBSIDIARIES

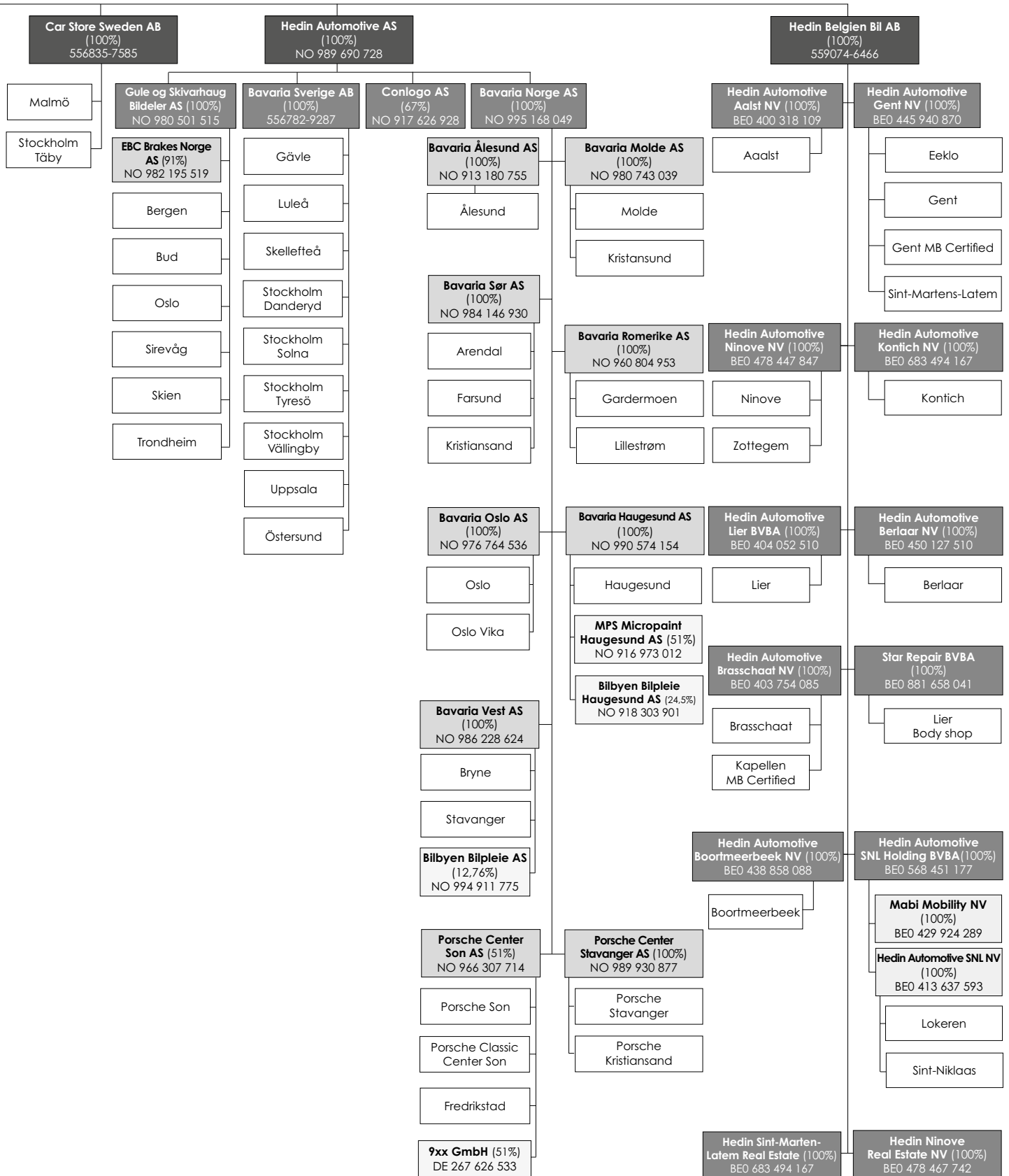
- Hedin Göteborg Bil AB
- Hedin Helsingborg Bil AB
- Hedin Stockholm Bil AB
- Hedin Örebro Bil AB
- Hedin Mölndal Bil AB
- KC Motors AB
- Hedin Belgien Bil AB
- Hedin Automotive AS
- Hedin Performance Cars AB

2,733
EMPLOYEES

78,423
RETAILED VEHICLES



ORGANIZATION I.A. HEDIN BIL AB



113

DEALERSHIPS

4

BODY SHOPS

6

WAREHOUSES



MERCEDES-BENZ
36

SWEDEN
Johan Stålhammar

Alingsås
Anderstorp
Borås
Enköping
Göteborg / Hisings Kärra
Göteborg / Mölndalsvägen
Göteborg / Sisjön
Halmstad / Stenlyckan
Helsingborg
Jönköping
Kristianstad
Kungsbacka
Linköping
Ljungby
Strömstad
Trollhättan
Uddevalla
Uppsala
Varberg
Värnamo
Ängelholm

BELGIUM
Henrik Lessèl

Aalst
Berlaar
Boortmeerbeek
Brasschaat
Eeklo
Gent
Gent MB Certified
Kapellen MB Certified
Kontich
Lier
Lokeren
Ninove
Sint-Martens-Latem
Sint Niklaas
Zottegem



Mercedes-Benz
Vans. Born to run.

MERCEDES-BENZ
26

SWEDEN
Lars Holmström

Alingsås
Borås
Enköping
Göteborg / Hisings Kärra
Halmstad / Stenlyckan
Helsingborg
Jönköping
Kristianstad
Kungsbacka
Linköping
Ljungby
Möndal
Trollhättan
Uddevalla
Uppsala
Varberg
Värnamo

BELGIUM
Henrik Lessèl

Aalst
Gent Zeehaven
Eeklo
Ninove
Lokaren
Sint Niklaas
Sint-Martens-Latem
Vertommen
Zottegem



MERCEDES-BENZ AMG
4

SWEDEN
Johan Stålhammar

Göteborg / Sisjön Performance Center
Helsingborg
Jönköping

BELGIUM
Henrik Lessèl

Brasschaat AMG Performance Store



SMART
3

SWEDEN
Johan Stålhammar

Göteborg / Mölndalsvägen

BELGIUM
Henrik Lessèl

Aalst
Eeklo



PORSCHE

PORSCHE
9

SWEDEN
Rickard Magnusson

Borås
Göteborg / Åbro
Jönköping
Linköping

NORWAY
Helge Ellingsen

Fredrikstad
Kristiansand (Sør)
Son
Son Classic Center
Stavanger



BMW
22

SWEDEN
Johan Frisk

Gävle
Luleå
Skellefteå
Stockholm / Danderyd
Stockholm / Solna
Stockholm / Tyresö
Stockholm / Vällingby
Uppsala
Östersund

NORWAY
Hallvard Vikeså

Arendal
Bryne
Farsund
Gardermoen
Haugesund
Kristiansand
Kristiansund
Lillestrøm
Oslo Økern
Stavanger
Ålesund



MINI
8

SWEDEN
Johan Frisk

Stockholm / Solna
Uppsala

NORWAY
Hallvard Vikeså

Kristiansand
Molde
Oslo Vika
Oslo Økern
Stavanger
Ålesund



JAGUAR
4

Rikard Alm

Göteborg / Eklanda
Linköping Bilvaruhuset
Jönköping
Örebro



CHEVROLET
2

Stefan Enryd

Göteborg / Åbro US Center
Stockholm / Kungens Kurva



LAND ROVER
4

Rikard Alm

Göteborg / Eklanda
Linköping Bilvaruhuset
Jönköping
Örebro



CORVETTE
2

Stefan Enryd

Göteborg / Åbro US Center
Stockholm / Kungens Kurva



CADILLAC
2

Stefan Enryd

Göteborg / Åbro US Center
Stockholm / Kungens Kurva



ALFA ROMEO
10

Ludvig Almgren

Göteborg / Åbro US Center
Halmstad / FCA & CV
Jönköping
Kristianstad Bilvaruhuset
Linköping Bilvaruhuset
Malmö
Stockholm / Akalla
Stockholm / Kungens Kurva
Uppsala
Örebro



FIAT
15

Ludvig Almgren

Göteborg / Grimbodalen
Göteborg / Åbro US Center
Halmstad / FCA & CV
Jönköping
Kristianstad Bilvaruhuset
Linköping Bilvaruhuset
Lund
Malmö / Jägersro
Stockholm / Akalla
Trelleborg
Uddevalla Bilvaruhuset
Uppsala
Varberg
Värnamo
Örebro



FIAT PROFESSIONAL
17

Ludvig Almgren

Göteborg / Hisings Kärra CV
Halmstad / FCA & CV
Jönköping CV & TRUCKS
Kristianstad Bilvaruhuset
Linköping Bilvaruhuset
Lund
Malmö CV
Möndal CV
Stockholm / Akalla
Stockholm / Kungens Kurva
Stockholm / Spånga
Trelleborg
Uddevalla Bilvaruhuset
Uppsala
Varberg
Värnamo
Örebro



NISSAN
23

Victor Liljenberg

Alingsås
Anderstorp
Borås
Enköping
Göteborg / Hisings Kärra CV
Göteborg / Mölndalsvägen
Göteborg / Tagene
Halmstad Bilvaruhuset
Helsingborg
Helsingborg CV
Kristianstad
Kungsbacka
Ljungby
Möndal CV
Stockholm / Akalla
Strömstad
Trollhättan Bilvaruhuset
Uddevalla Bilvaruhuset
Uppsala
Vara
Varberg
Värnamo
Ängelholm

DEALERSHIPS & BRAND MANAGERS



NISSAN GTR
2

Victor Liljenberg
Göteborg / Mölndalsvägen
Stockholm / Akalla



JEEP
14

Ludvig Almgren
Göteborg / Grimbodalen
Göteborg / Åbro US Center
Halmstad / FCA & CV
Jönköping
Kristianstad
Linköping
Lund
Malmö
Stockholm / Akalla
Stockholm / Kungens Kurva
Uddevalla Bilvaruhuset
Uppsala
Värnamo
Örebro




ABARTH
7

Ludvig Almgren
Göteborg / Åbro US Center
Halmstad / FCA & CV
Jönköping
Kristianstad
Malmö
Stockholm / Akalla
Stockholm / Kungens Kurva



HONDA
1

Victor Liljenberg
Mölndal Bilvaruhuset



RENAULT
6


Michael Bergström
Göteborg / Hisings Kärra CV
Göteborg / Tagene
Halmstad Bilvaruhuset
Halmstad / FCA & CV
Mölndal Bilvaruhuset
Mölndal CV



KIA
22

Kenny Ohlsson
Alingsås
Borås
Göteborg / Tagene
Halmstad Bilvaruhuset
Helsingborg
Jönköping
Kungsbacka
Kristianstad Bilvaruhuset
Lysekil
Mölndal Bilvaruhuset
Stockholm / Akalla
Stockholm / Segeltorp
Strömstad
Trelleborg
Trollhättan Bilvaruhuset
Uddevalla Bilvaruhuset
Västra
Värnamo
Ängelholm

KC MOTORS
Danderyd
Malmö
Norrtälje



FORD
8

Jonas Hamnstedt
Eskilstuna
Göteborg / Eklanda
Göteborg / Tagene
Kungsbacka
Stockholm / Nacka
Stockholm / Segeltorp
Södertälje
Västerås



DS
3

Selahattin Unsal
Malmö
Mölndal Bilvaruhuset
Stockholm / Akalla



ISUZU
2

Olle Holmberg
Karlskoga
Örebro




OPEL
10

Henrik Hedlycke
Karlskoga
Kristianstad Bilvaruhuset
Linköping Bilvaruhuset
Malmö / Jägersro (only passenger cars)
Stockholm / Akalla
Stockholm / Segeltorp
Stockholm / Spånga
Trollhättan Bilvaruhuset
Uppsala
Örebro



MITSUBISHI
12

Stefan Elmström
Göteborg / Tagene
Halmstad / FCA & CV
Malmö / Jägersro
Malmö CV
Kristianstad Bilvaruhuset
Lund
Mölndal Bilvaruhuset
Mölndal CV
Stockholm / Akalla
Stockholm / Segeltorp
Stockholm / Spånga
Uppsala




CITROËN
17

Stefan Elmström
Borås
Enköping
Göteborg / Hisings Kärra CV
Halmstad Bilvaruhuset
Halmstad / FCA & CV
Jönköping
Jönköping CV & TRUCKS
Kungsbacka
Malmö
Malmö CV
Mölndal Bilvaruhuset
Mölndal CV
Stockholm / Akalla
Stockholm / Spånga
Strömstad
Trelleborg
Uppsala




DODGE
14

William Andreasson
Göteborg / Grimbodalen
Göteborg / Åbro US Center
Halmstad / FCA & CV
Helsingborg
Jönköping
Kristianstad Bilvaruhuset
Linköping Bilvaruhuset
Malmö Jägersro
Mölndal Bilvaruhuset
Norrköping
Stockholm / Akalla
Stockholm / Kungens Kurva
Uppsala
Örebro




RAM
15

William Andreasson
Göteborg / Grimbodalen
Göteborg / Åbro US Center
Halmstad / FCA & CV
Helsingborg CV
Jönköping
Kristianstad Bilvaruhuset
Linköping Bilvaruhuset
Malmö CV
Mölndal Bilvaruhuset
Norrköping
Stockholm / Akalla
Stockholm / Kungens Kurva
Stockholm / Spånga
Uppsala
Örebro



DACIA
6

Micheal Bergström
Göteborg / Hisings Kärra CV
Göteborg / Tagene
Halmstad Bilvaruhuset
Halmstad CV
Mölndal Bilvaruhuset
Mölndal CV



SUBARU
6

Selahattin Unsal
Karlskoga
Kristianstad Bilvaruhuset
Lund
Malmö
Stockholm / Akalla
Trelleborg

HEDIN PERFORMANCE CARS
2

Rickard Magnusson
Göteborg / Sisjön (used)
Göteborg / Sisjön (body shop)

HEDIN CERTIFIED
2

Hakim Chebil
Göteborg / Hisings Kärra
Göteborg / Åbro

CARSTORE
2

Hakim Chebil
Malmö
Täby

113
DEALERSHIPS

33
BRANDS

3
COUNTRIES

During 2020 and 2021 the forecast predicts that the total amount of plug-in electric hybrids (PHEVs) and battery electric vehicles (BEVs) will increase on all markets where Hedin is present.



SWEDEN

Sales of new passenger cars in Sweden increased by 0.1 % in 2019 compared to 2018. Hedin Bil accounted for nearly 23 % of the total sales of passenger cars amongst the car brands represented. This is a decrease from 2018, when Hedin accounted for 25 %.

In anticipation of the new vehicle tax introduced on January 1, 2020, December became a record month with the registration of almost 50,000 new cars. The vehicle tax on passenger cars and commercial vehicles has been increased in several steps under a period of only 1.5 years. This has made the market increasingly twitchy. All since the Bonus malus system was introduced, we saw a record in the sales of BEVs and PHEVs, increasing from a market share of 14 % to 20 %.

Commercial vehicles decreased by close to 5 % during 2019 compared to 2018. Hedin Bil accounted for approximately 19 % of the total sales of the brands that we represent, a decrease by approximately 1 % from 2018.

Truck sales increased and had a record year in 2019, with an increase of 7.2 % compared to 2018. Hedin Bil accounted for 34 % of the Mercedes-Benz truck sales, a decrease from 37 % in 2018.

Please note that the share of passenger cars and commercial vehicles might be somewhat misleading due to the number of preregistered vehicles.



NORWAY

The total market in Norway decreased by 3.8 %. Hedin Automotive, represented by Bavaria Norway and Porsche Norway, decreased by 22 % compared to the previous year.

Bavaria Norway AS acquired Brages Bil AS BMW facilities in Ålesund, Molde and Kristiansund during Q3, which led to an increase in BMW-sales by 4%.

The Hedin Group accounted for nearly 28 % of the total sales of the brands that we represent compared to 35 % in 2018.



BELGIUM

2019 marked the year where all NEDC 2.0 cars were to be registered before September 1. As an effect, sales increased slightly and the Belgian car market was stable in comparison to 2018, with an increase of 0.1 %.

Hedin Automotive increased the market share of Mercedes-Benz passenger cars. Hedin Automotive accounted for 15.6 %, an increase compared to the 15.1 % in 2018.

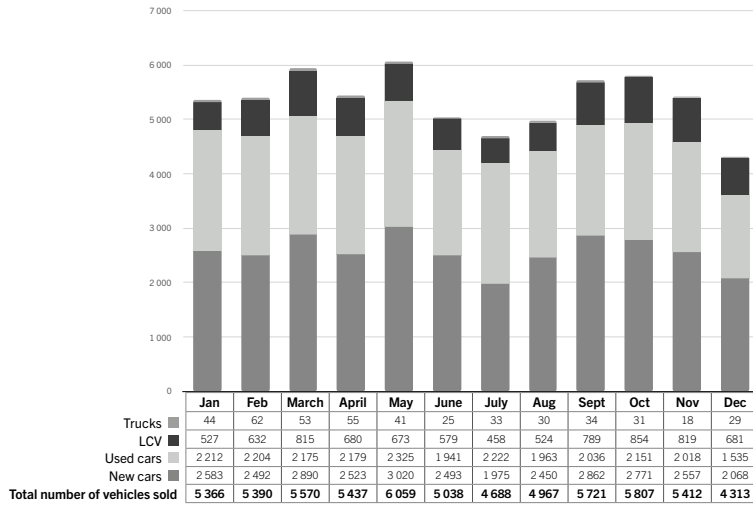
The registration numbers indicate that the market for BEVs and PHEVs increased from 2.4 % to 3.2 %. Since Belgium is traditionally a diesel market, the change in consumer behavior led to increased delivery times.

On the light truck market Hedin Automotive saw an increase of their share from 13.8 % in 2018 to 15.5 % in 2019.

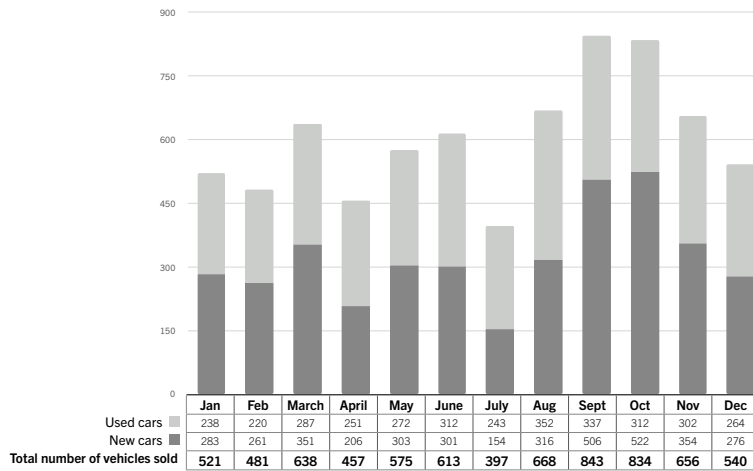
Hedin Bil accounted for 9.4 % of trucks, an increase compared to the 8.2 % in 2018.

AUTOMOTIVE INDUSTRY

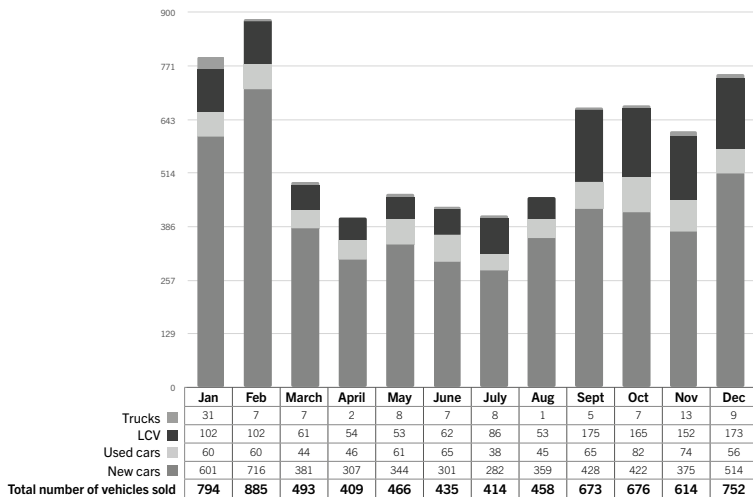
RETAILED VEHICLES SWEDEN 2019



RETAILED VEHICLES NORWAY 2019



RETAILED VEHICLES BELGIUM 2019



64,131
SWEDEN

7,223
NORWAY

7,069
BELGIUM





HEDIN BIL IN SWEDEN

www.hedinbil.se

Hedin Bil provides both new and used passenger- and commercial vehicles as well as trucks in addition to aftermarket services for the Swedish market. The offer includes financing, service contracts, tire hotels and insurances. All this combined serve to provide a simple, innovative and financially attractive concept for our customers.

Hedin Bil was founded by Ingemar and Anders Hedin in 1985. Today Hedin Bil is represented in 65 locations in Sweden, distributing 33 different car brands. The workforce of Hedin Bil in Sweden consists of a total of 1,727 employees. The company is divided into six subsidiaries spread throughout different geographical and business areas. The head office is located in Mölndal.

BUSINESS CONCEPT

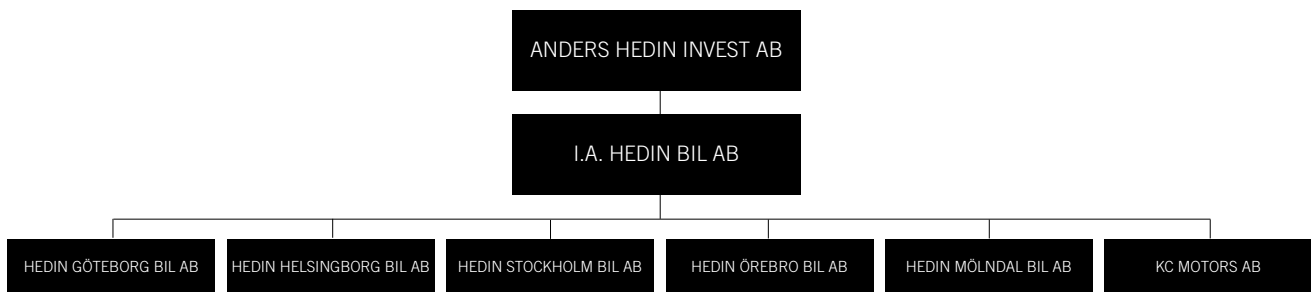
The Business concept of Hedin Bil is based on the principle of delivering the highest possible quality and service through the highest competence available. Hedin Bil shall always be efficient, responsive and ever focused on the customer. By doing so we create long lasting relations to clients and suppliers. Thereby Hedin Bil is the most financially viable partner for owners and importers of the 33 car brands that Hedin offers.

BUSINESS STRATEGY

The overall strategy of Hedin Bil is profitable growth. The profitability should always be improved by increasing the level of service, productivity and with a highly motivated workforce. The growth should be related to the automotive sector.

CORE VALUES

In a time where most things can be duplicated, our staff is our number one asset. This is why the continuous work with our basic core values is so important for Hedin Bil. Throughout 2019 we have continued our efforts to create uniform work procedures and a mutual structure. The keywords of Hedin Bil are reliability, availability and trustworthiness. These words guide in all situations in the interaction with co-workers, clients and suppliers. Aspects such as developing a strong corporate culture, to work towards becoming a more attractive employer and to strive to achieve a greater gender balance are all highly prioritized. World class customer service is an important competitive advantage for Hedin Bil. Each and every client and co-worker shall feel that they are both seen and significant.



65
DEALERSHIPS

33
BRANDS

1,727
EMPLOYEES

57,627
RETAILED VEHICLES



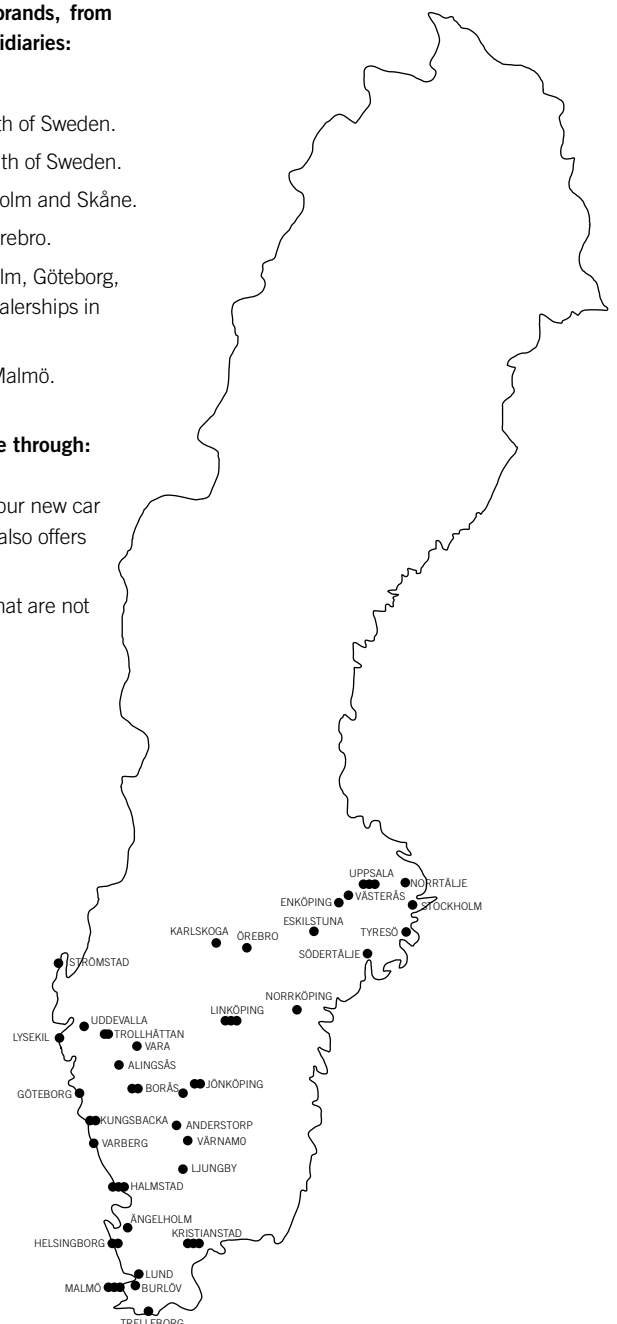
HEDIN BIL IN SWEDEN CONTINUED

Hedin Bil is represented in 65 locations in Sweden and is a retailer for 33 car brands, from Trelleborg in the south to Uppsala in the north. The company is divided into six subsidiaries:

- Hedin Göteborg Bil AB is retails through service centers in 26 locations in the south of Sweden.
- Hedin Helsingborg Bil AB retails through service centers in 16 locations in the south of Sweden.
- Hedin Stockholm Bil AB retails through service centers in nine locations in Stockholm and Skåne.
- Hedin Örebro Bil AB retails through service centers in Karlskoga, Linköping and Örebro.
- Hedin Mölndal Bil AB retails through service centers dedicated to Ford in Stockholm, Göteborg, Kungälv, Södertälje and Eskilstuna. Hedin Bil operates a total of eight Ford dealerships in Sweden.
- KC Motors AB is a retailer and service partner for Kia in Norrtälje, Danderyd and Malmö.

Hedin Bil is also available digitally from your chosen location and at any given time through:

- Hedinbil.se – Where you'll find our total offer, giving you the possibility of finding your new car amongst 33 different brands, or your new used car from Hedin Certified. The site also offers the possibility to book a time for service at the Hedin location of your choice.
- Hedinuction.se – An auction site for car retailers where all Hedin trades-in cars that are not sold through Hedin Certified are offered.







HEDIN BELGIEN BIL AB

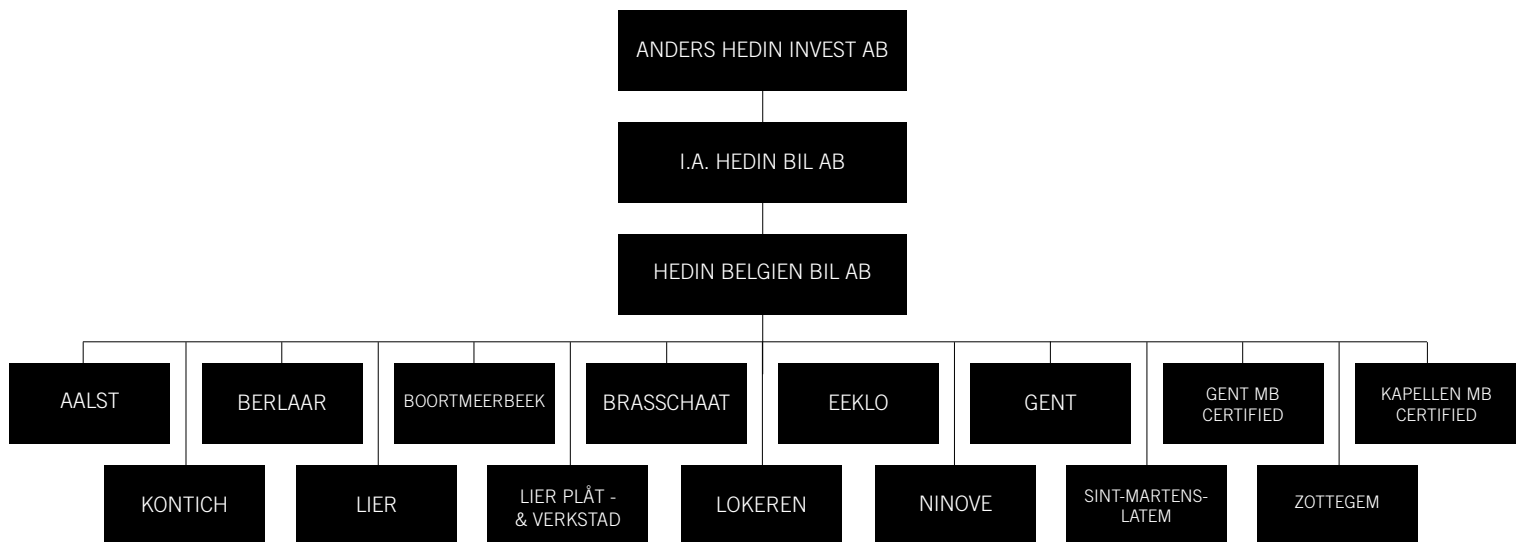
www.hedinautomotive.com

Hedin Belgien Bil AB, through the brand Hedin Automotive, supplies both brand new and used private cars for Mercedes-Benz and Smart as well as transport vehicles and trucks from Mercedes-Benz. Hedin Automotive is the number one retailer of Mercedes Benz in Belgium, controlling approximately 16% of the national market.

2019 marks the year when Hedin Bil consolidated in Belgium. An additional three dealerships were added to the operation throughout the year. The sales of Mercedes Benz and Smart are carried out at 15 sites in Flanders in the north of Belgium under the brand Hedin Automotive.

BUSINESS CONCEPT AND TARGET AIM

The concept originates in the idea to offer the highest quality and service possible through applying the best competence available. By efficiency and complacency, we always place the client in focus.



15

DEALERSHIPS

2

BRANDS

502

EMPLOYEES

9,366

RETAILED VEHICLES





HEDIN BELGIEN BIL AB CONTINUED...







HEDIN AUTOMOTIVE AS

www.hedinautomotive.no

In 1996, two Norwegian families started a BMW dealership out of Stavanger. As the years passed the company grew, in Norway as well as in Sweden as an authorized retailer for BMW, Mini, Porsche and KIA. As of September 2017, the company was acquired by I.A. Hedin Bil AB and the name was subsequently changed to Hedin Automotive AS.

Hedin Automotive AS is organized in three subsidiaries with the aim to deliver an exceptional customer experience. Improvement, advancement and transformation are the pillars on which the company's strategy rests.

In 2019 the company, as well as its subsidiaries, were certified as a "Great Place to Work" for the third time, after a poll amongst the co-workers. This is the global standard for a good workplace.

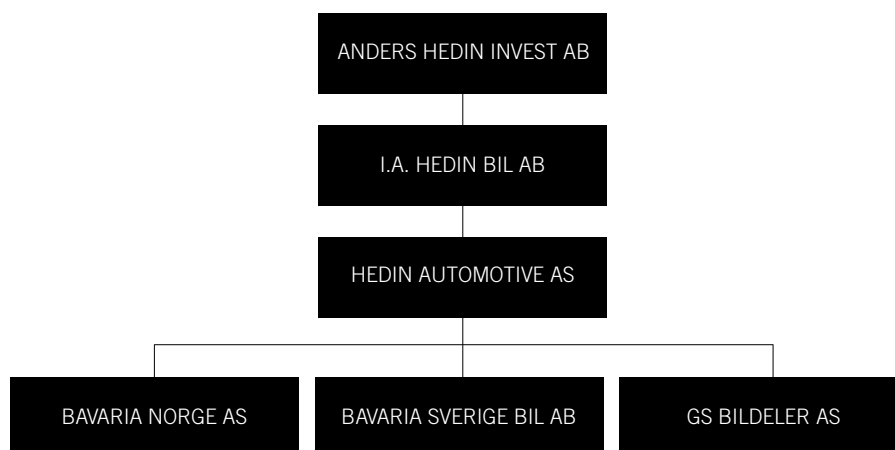
In 2020 Hedin Automotive AS will be given the responsibility for the BMW-operations currently controlled by Anders Hedin Invest AB.

TARGET AIM

Bavaria's aim is to create unique customer experiences.

VISION STATEMENT AND CORE VALUES

Bavaria is to be characterized by passion and innovation. The vision is to be in the lead of positive customer experiences and to take the entire trade to the next level. Bavaria stands for quality, and the DNA of the company is to be surprising, different and noticeably better than our competitors.



19

DEALERSHIPS

3

BRANDS

801

EMPLOYEES

17,082

RETAILED VEHICLES





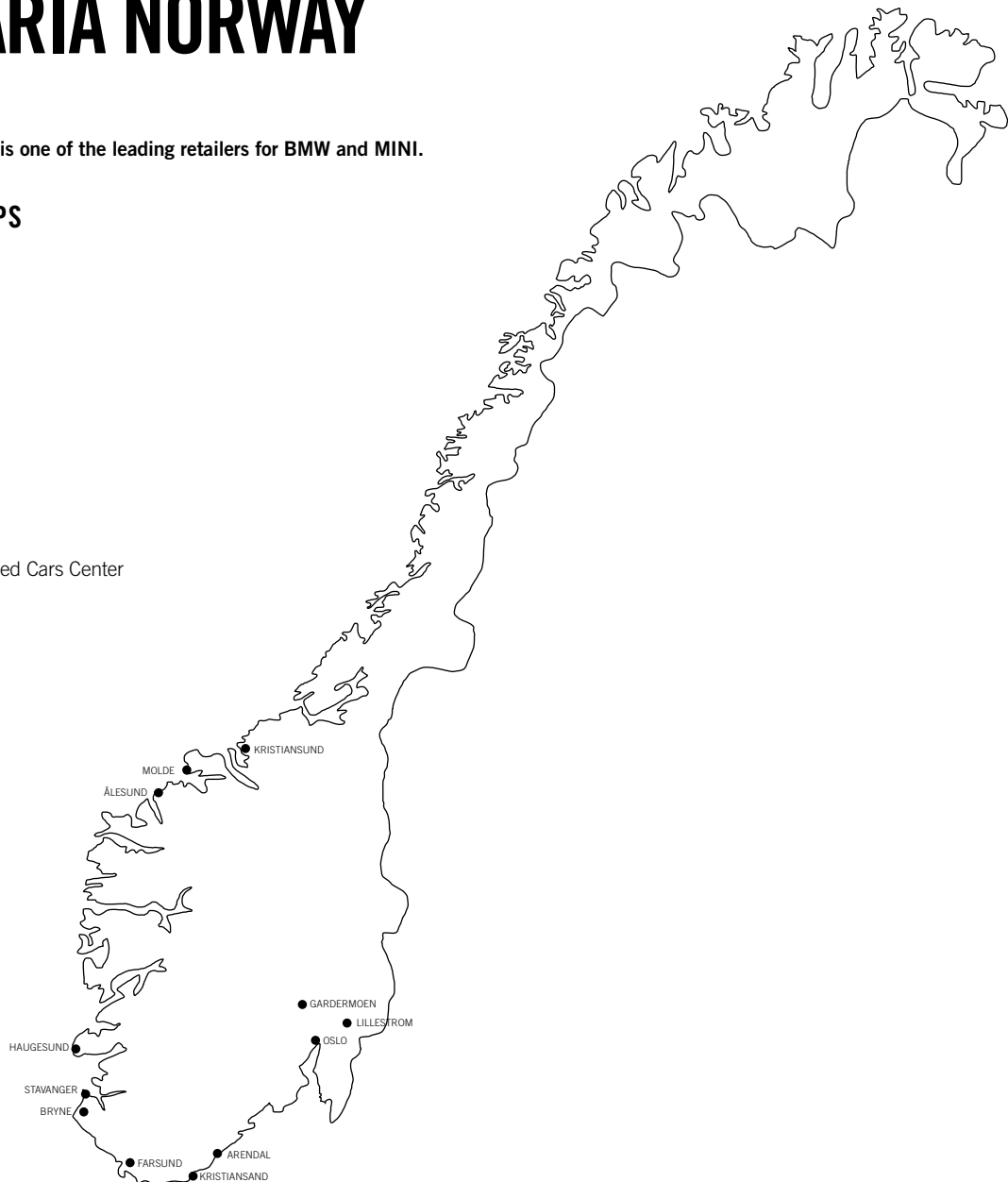
BAVARIA NORWAY

www.bavaria.no

Bavaria Norway is one of the leading retailers for BMW and MINI.

DEALERSHIPS

- Arendal
- Bryne
- Farsund
- Gardermoen
- Haugesund
- Kristiansand
- Kristiansund
- Lillestrøm
- Molde
- Oslo
- Stavanger
- Stavanger Used Cars Center
- Ålesund



13

DEALERSHIPS

2

BRANDS

401

EMPLOYEES

6,519

RETAILED VEHICLES





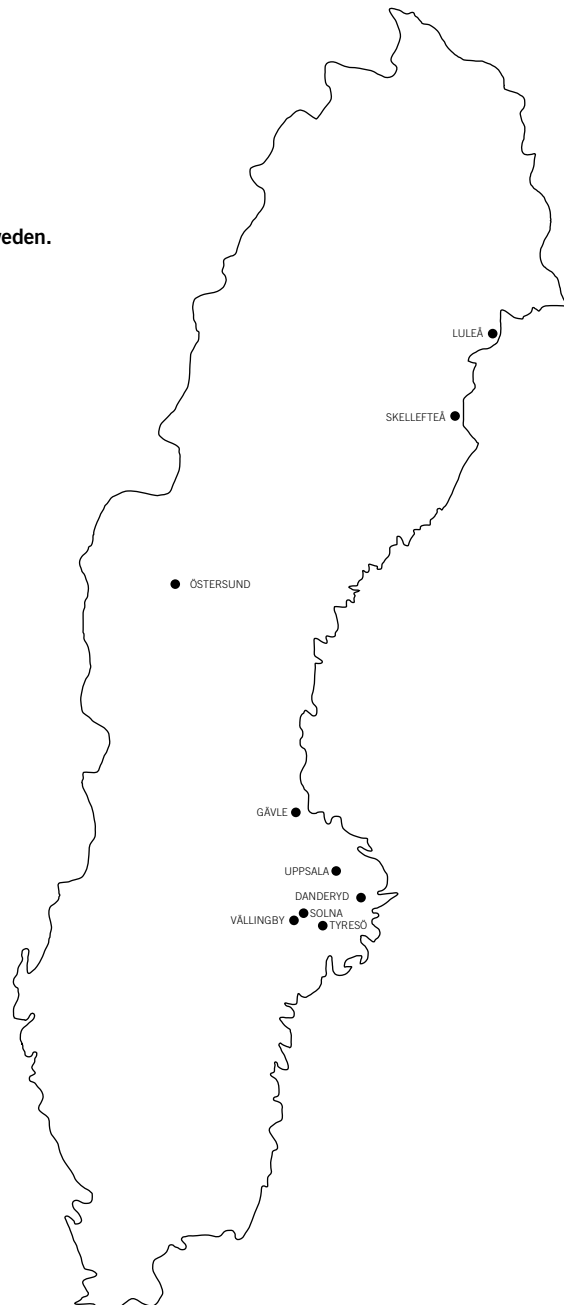
BAVARIA SWEDEN

www.bavariasverige.se

Bavaria Sweden is one of the leading retailers of BMW and MINI in Sweden.

DEALERSHIPS

- Gävle
- Luleå
- Skellefteå
- Stockholm Danderyd
- Stockholm Solna
- Stockholm Tyresö (body shop)
- Stockholm Vällingby
- Uppsala
- Östersund



9

DEALERSHIPS

2

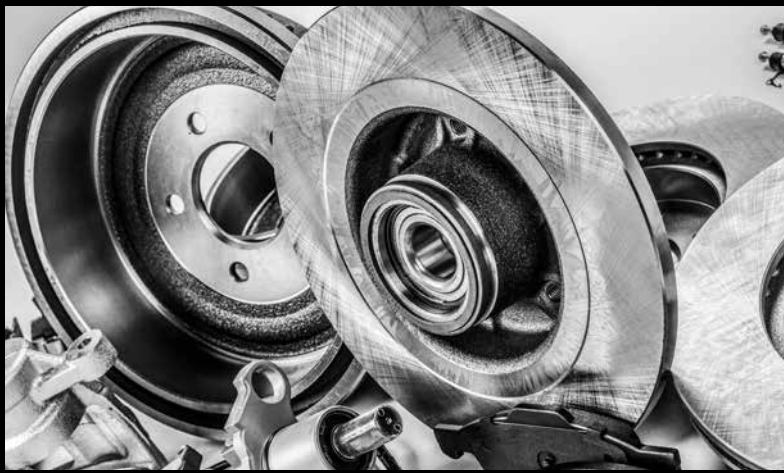
BRANDS

307

EMPLOYEES

9,600

RETAILED VEHICLES



GULE OG SKRIVARHAUG BILDELER AS

(GS BILDELER)

www.gsbildeler.no

In 1993 GS Bildeler, the largest independent supplier of spare parts for BMW and MINI, was founded. GS Bildeler is represented in six locations and employs 70 employees, with the head office located in Bud, in Møre and in Romsdal.

The company cooperates with over 150 GS Partner workshops for better monitoring practices, faster deliveries and technical support. For the last 26 years GS Bildeler has had a collaboration with BMW that evolved to include the retail of original parts, spare parts, accessories and lifestyle products.

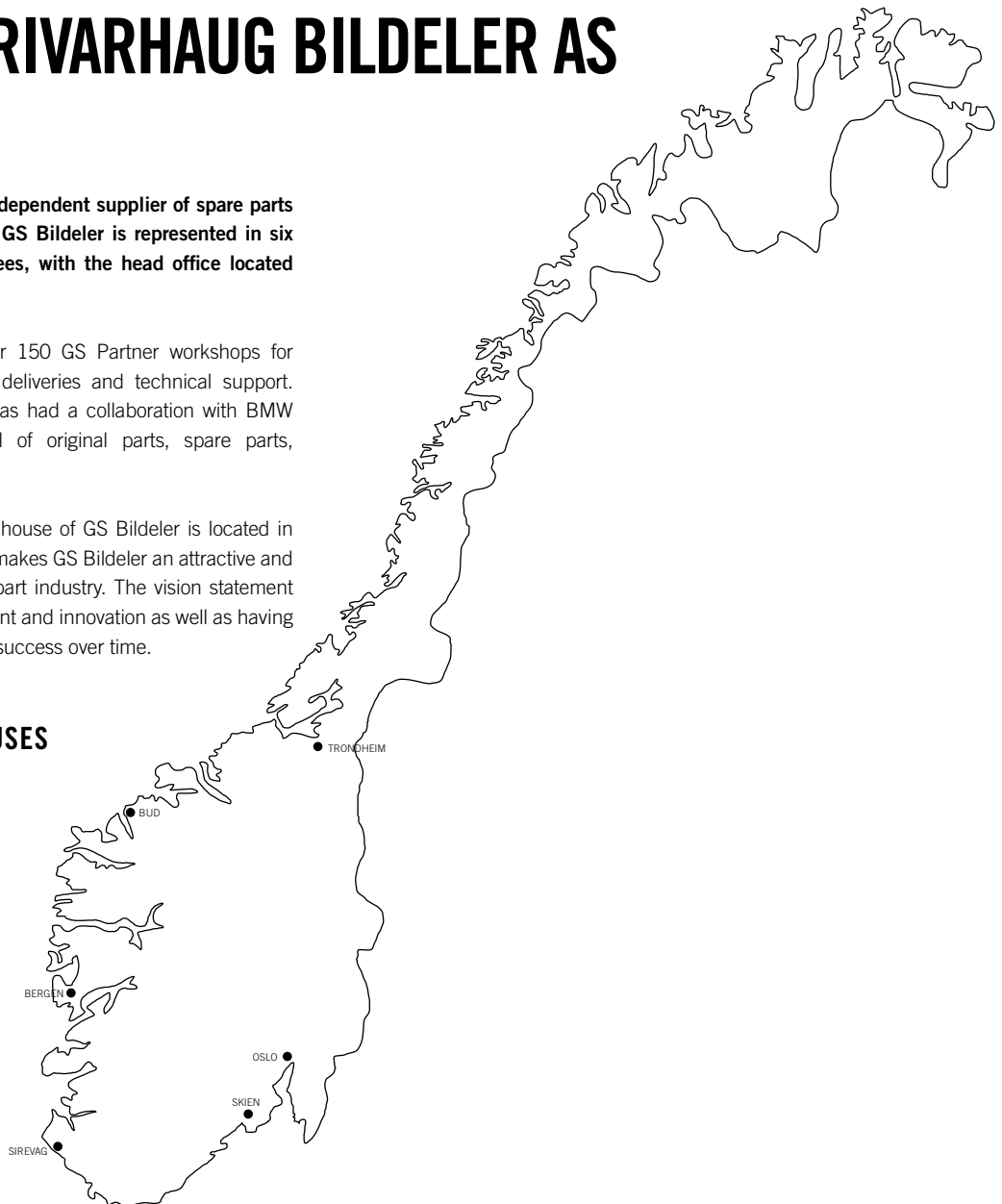
The state-of-the-art automated warehouse of GS Bildeler is located in Bud. The fast and simple deliveries makes GS Bildeler an attractive and competent player within the spare part industry. The vision statement of GS Bildeler is constant development and innovation as well as having a close customer relation leading to success over time.

WORKSHOPS

- Bud
- Skien
- Trondheim

WAREHOUSES

- Bergen
- Sirevåg
- Oslo



6

FACILITIES

70

EMPLOYEES

247

REVENUE MNOK





HEDIN PERFORMANCE CARS AB

www.porsche-goteborg.se | www.porsche-boras.se | www.porsche-jonkoping.se | www.porsche-linkoping.se

In 2017 I.A. Hedin Bil AB acquired two companies that marked the beginning of Hedin Performance Cars. The company has been growing rapidly and is now one of the strongest brands within the premium segment for cars. Hedin Performance Cars consists of eleven dealerships in Sweden and Norway and is mainly a retailer for the Porsche brand through dedicated Porsche Centers. One of the dealerships sells used exclusive cars, and one is a body shop.

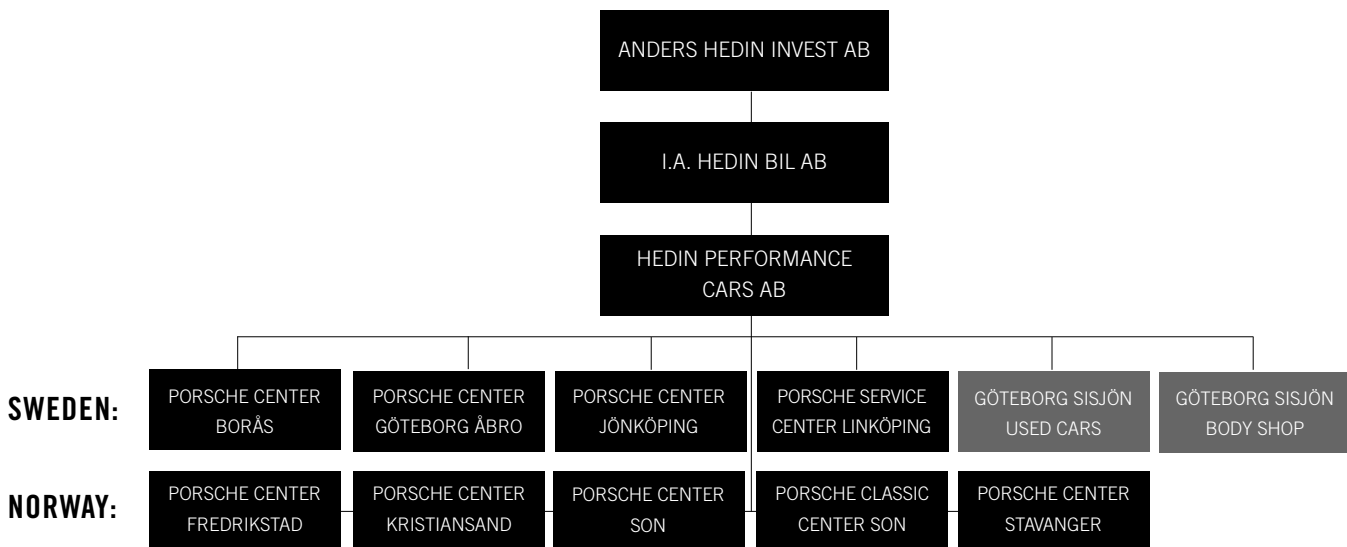
Porsche Center i Väst AB was founded in Borås in 1992. The company grew to a total of three full-service Porsche facilities in Borås, Göteborg and Linköping. As of April 2017, the company was sold to I.A. Hedin Bil AB. In September the same year I.A. Hedin Bil AB also acquired the Norwegian company Miklagruppen, that at the time were retailers for Porsche in Stavanger, Son and Sør.

In connection to these acquisitions a strategic decision to coordinate the two Porsche businesses into one operational organization was made, and Hedin Performance Cars was founded. This was mainly done to control sales and service and to benefit from the possibilities of growth through organic expansion, cooperation and synergies between the companies.

TARGET

The goal of Hedin Performance Cars is to have the most content owners of Porsches in the Nordic region. Regardless of which model of Porsche you own or is planning to purchase, the driving pleasure is always the highest priority.

Driven by a high demand for new Porsche models, and with a service market that has seen a positive development, the revenues for Hedin Performance Cars has seen a substantial raise during 2019. Internally, a large focus has been that of simplifying processes and logistics. Together with our highly skilled co-workers, the goal of Hedin Performance Cars is to constantly strive towards improvement and keeping a forward looking



11
DEALERSHIPS

1,848
REVENUE (MSEK)

123
EMPLOYEES

1,861
RETAILED VEHICLES





HEDIN PERFORMANCE CARS AB CONTINUED...

PORSCHE CENTER SWEDEN

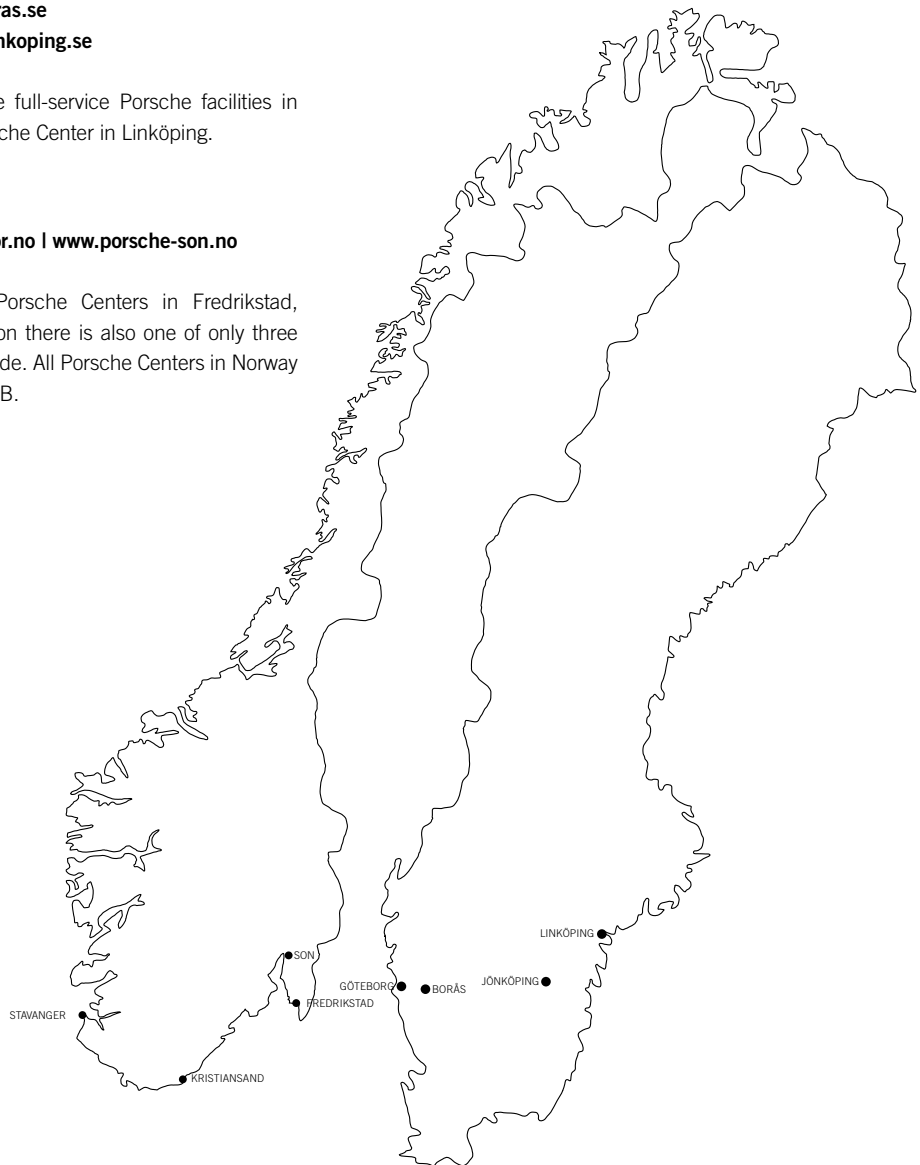
www.porsche-goteborg.se | www.porsche-boras.se
www.porsche-linkoping.se | www.porsche-jonkoping.se

The operations in Sweden consists of three full-service Porsche facilities in Borås, Jönköping, Göteborg as well as a Porsche Center in Linköping.

PORSCHE CENTER NORWAY

www.porsche-stavanger.no | www.porsche-sor.no | www.porsche-son.no

The operations in Norway includes the Porsche Centers in Fredrikstad, Stavanger, Kristiansand (Sør) and Son. In Son there is also one of only three stand-alone Porsche Classics Center world-wide. All Porsche Centers in Norway is operated under Hedin Performance Cars AB.



NORWAY



MOLDE

New construction of Bavaria-complex.
Completion in the first quarter of 2020.

MOLDE

OSLO

OSLO

Reconstruction of Bavaria-complex.
Completion in the second quarter of 2020.

BRYNE

New construction Bavaria-complex.
Completion in the second quarter of 2021.

BRYNE

CONSTRUCTION PROJECTS I.A. HEDIN BIL AB

SWEDEN

DANDERYD, STOCKHOLM

New construction of Mini Concept Store, Bavaria-complex.
Completion in the fourth quarter of 2020.

SOLNA, STOCKHOLM

New construction of Bavaria-complex.
Completion in the first quarter of 2020.

KISTA, STOCKHOLM

Reconstruction of Bavaria-complex.
Completion in the fourth quarter of 2020.

HANINGE

New construction of Opel-complex.
Completion in the third quarter of 2020.

LINKÖPING

New construction of Porsche Center.
Completion during the first half-year of 2022.

ALINGSÅS

New construction of Kia and Nissan-complex.
Completion in the fourth quarter of 2020.



1985-2011

1985

- Ingemar and Anders Hedin acquires the first Hedin-Bil facility in Borås. The car brands sold was Mercedes-Benz and Nissan.

1990

- Philipson Bil in Halmstad is acquired and a brand-new Nissan and Mercedes-Benz Retailer is opened in 1992.

1995

- Philipson Bil in Helsingborg and Ängelholm is acquired, as well as Philipson Trucks in Halmstad.

1998

- The Construction and real estate company K. I. Andersson Bygg AB in Borås is acquired.

1999

- Philipson Bil in Göteborg, Alingsås and Kungsbacka is acquired.
- A large and important reconstruction of the main office on Mölndalsvägen commences.

2001

- Aktiv Bil AB in Hisings Backa, A Nissan retailer at the time, is acquired.
- The Mercedes-Benz-site in Alingsås is re-opened during the autumn of 2001.

2002

- A retail contract for the new two seated city car Smart in the west of Sweden is signed.

2003

- Daimler-Chryslers retail operations, consisting of Mercedes-Benz retailing and work-shop in Hisings Kärra are acquired.
- In Åbro/Mölndal Chrysler and Jeeps dealerships and workshops is acquired.

2004

- Takes over the retailing businesses of Chevrolet in Göteborg from Bilstudion Göteborg AB.
- A retail contract with Cadillac Sverige AB for the right to sell the brand Cadillac, Chevrolet and Corvette is signed.
- Stjärnhuset Bil AB in Kristianstad is acquired. Through this acquisition the brand Mitsubishi is welcomed into Hedin Bil.

2005

- In Åbro/Mölndal Göteborgs Begagnat Center opens.
- Bilforum Uddevalla AB:s operations is acquired. By doing so Hedin Bil expands with four additional facilities in Uddevalla, Trollhättan, Strömstad and Vara.
- I.A Hedin Fastighet AB sells all shares of the construction firm KIA Fastighet AB.
- Klintberg & Way Group AB:s operations in Åbro/Mölndal is acquired.

2006

- Bilexa in Göteborg AB is acquired. They are the local retailers of Mitsubishi and Citroën.
- The operation of Philipson Uppsala Bil AB in Uppsala and Enköping is acquired.

2007

- A retailer contract is signed with KIA Motors Sweden AB.
- Acquires the operations of Thituson Bil AB in Linköping, Jönköping, Anderstorp, Ljungby and Värnamo. With this acquisition we welcome the brand Land Rover.

2008

- The assets and liabilities of the liquidated company Uno Asplunds Bil AB in Borås is acquired.

2009

- A retail contract is signed with Renault.
- Hedin Bils new commercial vehicle center is opened on Mölndalsvägen in Göteborg.

2010

- Scanauto in Göteborg AB and Andersson Auto in Varberg AB is acquired.
- The dealership and workshop of Bra Bil AB for Renault is acquired in Göteborg.
- Mercedes-Benz heavy truck operations in Hisnings Kärra is acquired.
- Investments in the company Car to Go Sweden AB is made. Anders Hedin Invest now holds a 29% owner share.

2011

- Re-opening of the renovated facilities in Tagene, Vara, Anderstorp and Ljungby.
- Grand opening of the new facilities in Borås, Kungsbacka and Varberg.

MILESTONES AND HISTORY

2012-2016

2012

- Grand opening of the Hedin Bils new facilities in Uppsala.
- Grand opening in October of the new main office on Mölndalsvägen in Göteborg.
- Grand opening in November of the AMG Performance Center and Mercedes-Benz business center in Sisjön, Göteborg.
- The wholesale company DAWA Däck AB, that is to be operated as an affiliate to KW Wheels AB, is acquired through Klintberg and Way Group AB.
- Klintberg and Way Group AB is acquired.
- Klintberg and Way Group AB acquires General Motors North American Vehicles and MOPAR:s (Chrysler, Jeep and Dodge) authorized spare part distribution operation – The number one whole-sales agent of spare parts for American car parts in Europe. As of 2014, the company is represented in 37 countries with the main office in Sweden.

2013

- Abarth is introduced as a new car brand within Hedin Bil.
- The retail contract with Suzuki is terminated due to too low volumes.
- Mercedes-Benz facilities in Hisings Kärra is remodeled to a dealership for passenger cars, commercial vehicles and trucks.
- Svenska Bil AB:s operations in Stockholm is acquired. This means that another four new sites are added to the Group as well as the creation of a new subsidiary company: Hedin Stockholm Bil AB.
- The Opel dealerships in Malmö is acquired along with their bankruptcy estate.
- I.A Hedin Fastighet AB acquires three new real estates that houses external tenants.
- The subsidiary company KW Wheels AB is created. The company is a wholesaler of tires and rims with office and storage unit in Tuve, Göteborg.
- Anders Hedin Invest AB acquires the remaining 71% of the stock share of Car to Go Sweden AB.
- Consensus Asset Management AB (Consensus) and Thenberg is merged with Kinde Fondkommission AB.
- Anders Hedin Invest AB expands its share in Lasingoo Sverige AB and now holds a 16,6% share.

2015

- Grand opening of a new Hedin Bil dealership in Ängelholm.
- The construction of a new Hedin full-service facility in Jönköping is started.
- Acquires the company Rörelsefastigheten Kista and starts a commercial vehicle center.
- A new Hedin Bil-dealership in Värnamo is opened.
- DS store, a new concept store for the premium brand DS is opened in Akalla, Stockholm.
- Hedin Bil becomes reseller for Renault and Dacia in Halmstad.
- The subsidiary company Klintberg and Way Group AB acquires 70% of Techno Tire AB
- The subsidiary company KW Cars is founded.

2016

- Klasén Bil i Halmstad is acquired. The acquisition includes the company's building and an adjacent facility
- The BIVA AB car operations in Karlskoga, Örebro, Linköping, Norrköping and Uppsala are acquired. The buildings in Örebro, Karlskoga, Linköping and Kristianstad are included in the acquisition. In addition, Bilcity in Kristianstad is also acquired.
- The Ford operations of Bilia AB in Göteborg, Stockholm, Nacka and Kungsbacka are acquired. With this acquisition, we welcome Ford as a new brand in the Hedin Group.
- The car dealership Lars Pettersson Bil AB, a Ford retailer in Södertälje, is acquired.
- The Ford operations of CMS Group AB in the north of Göteborg is acquired.
- Hedin Göteborg Bil AB signs a contract for the construction of a new dealership for Jaguar and Land Rover in Sisjön that is to be opened in 2017.
- Hedin Mölndal Bil AB signs a contract that grants the construction of a new Ford Store in Segeltorp, Stockholm.
- Hedin Mölndal Bil AB signs a contract granting the construction of a new dealership for Ford in Kungsbacka that is to be opened in 2017.
- The subsidiary company Klintberg and Way Group AB acquires the tire wholesaler PRO-imp AB and Wheelspot AB
- The largest business deal yet is signed, as Fastighet AB Balder purchases I.A. Hedin Fastighet AB. The property portfolio is valued at 4,208 million SEK.
- By the end of the year, Wijks Villa in Göteborg is acquired. The real estate company is owned by I.A. Hedin Fastighet AB (a new company).

2017-2018

2017

- The business transfer of Bilias Ford operation in Stockholm is carried out.
- The facilities owned by ANA Motorcentrum in Trollhättan and Lysekil is acquired.
- PCB Västsverige AB, retailer for Porsche in Borås, Göteborg and Linköping is acquired. We welcome Porsche as a new brand into the concern.
- Miklagruppen, with the subsidiary companies Bavaria Norge AS, Bavaria Bil AB, KC Motors AB and GS Bildeler AS, is acquired. Miklagruppen is the distributor of BMW, Mini and Porsche, with facilities in Sweden and Norway.
- The BMW-facility owned by Burlin-gruppens in Skellefteå is acquired.
- Eriksson Bilteam AB in Gävle, consisting of the resale, service and spare parts for BMW and Opel, is acquired.
- 51 % of Tuve Bygg Holding AB is acquired.

2018

- Two business locations in Gävle is sold by I.A. Hedin Fastighet AB on February 28.
- Mercedes-Benz Gent, who is operating seven facilities in the east of Flanders, Belgium is acquired on April 1 through three separate legal entities. The business controls 7 % of the Belgian market.
- On April 17, 2018, Motorcentralen in Eskilstuna is acquired by Hedin Mölndal Bil AB, through I.A. Hedin Bil AB. The acquisition include the Ford operations for passenger cars and commercial vehicles.
- April 19 marks the grand opening of Ford Store, Hedin Bil in Segeltorp, Stockholm.
- On April 23, Bavaria Sverige Bil AB acquires Englunds Bil in Luleå.
- Dodge & RAM Flagship Store Stockholm in Kungens Kurva is opened on May 1.
- The grand openings of KC Motors Danderyd takes place on June 7, and of KC Motors Norrtälje on June 8 respectively.
- The minority share in GS Bildeler AS is acquired on June 21 by Hedin Automotive AS, now owning 100 % of the company.
- As of July, 13 Bavaria Sverige AB enters an agreement to acquire Ivars Bil AB in Östersund, a dealer of BMW and Nissan. The acquisition is closed on August 31.
- On August 22, Hedin Belgien Bil AB enters an agreement to acquire two full-service facilities for Mercedes-Benz passenger cars, commercial vehicles and trucks located between Gent and Antwerp in the north eastern parts of Belgium. The closing is conditioned upon the approval of the Belgian Competition Authority.
- I.A. Hedin Belgien Bil AB acquires another five Mercedes-Benz facilities in Antwerp on August 22..
- Ford Transit Center, a Ford transport retailer, is opened on September 1 in Eklanda, Göteborg.
- Hedin Bil's passenger car dealership in Helsingborg, an authorized dealer of Mercedes-Benz, Kia and Nissan is re-opened on September 20 after being renovated.
- Hedin Göteborg Bil AB gains access to Skadecenter i Borås AB on September 28, expanding both the service workshop and body workshop in Borås
- 67 % of the stock share of Norwegian importer and wholesale company ConLogo is acquired.
- With the aim to take a leading role on the market for used cars, Hedin Certified is launched on November 1.
- The company KW Cars in Grimbodalen is transferred to I.A. Hedin Bil AB as of November 1, and the name is changed to Hedin Bil i Grimbodalen.
- On November 1, Hedin Ford in Nacka is opened. The site offers the full range of Ford models and also includes Hedin Certified.
- A land plot in Mölndal is acquired by I.A. Hedin Fastighet AB from the municipality of Mölndal, upon which a business complex is planned to be built.
- Another 14.5 % of the construction firm Tuve Holding AB is acquired on December 21 by Anders Hedin Invest AB, who now owns a total of 65 % of the company.
- Anders Hedin Invest AB acquires shares in the British car retailer Pendragon Plc during the fourth quarter. The share amounts to 4 % of the company by the end of the year. During the first quarter of 2019 additional shares have been acquired, and the total holdings now amounts to 11.61 %, including privately owned shares.

MILESTONES AND HISTORY

2019-2020

2019

- On January 1 of 2019 the Leasing contract IFRS16 comes into effect. To facilitate the comparison with earlier periods, some posts have been accounted for with the exclusion of IFRS16.
- On January 17, Hedin Örebro Bil AB opens a dealership for Jaguar and Land Rover in Örebro.
- On February 12, Bavaria Haugesund AS acquires 51 % of the shares in MPS Micropaint Haugesund AS. The company's operation consists of the maintenance and reparations of vehicles.
- Hedin Belgien Bil AB acquires a body- and paint shop in connection to the current facility in Lier, Belgium on February 18.
- GS Bildeler AS acquires 91 % of the shares in EBC Brakes Norge AS as of February 26. EBC Brakes is a wholesale agent for brakes and detailing supplies for cars and motorcycles.
- As of Mars 22, Hedin Stockholm Bil AB announces that DS Automobiles are expanded to include Malmö Jägersro, in addition to Akalla.
- Hedin Stockholm Bil AB expands the transport vehicle operations by re-locating from Kista to both Spånga and Akalla on March 27.
- Hedin Auction is introduced on April 10, and targets car retailers. This is a Swedish online auctions site for the used Hedin vehicles that are not offered to end customers. This solution gives transparency and market prices for all parties involved.
- Bavaria Norway AS agrees to acquire three BMW-facilities in Ålesund, Molde and Kristiansund from Brages Bil AS on June 7. The acquisition is closed on August 14.
- On august 21, Hedin Belgien Bil AB acquires two full-service facilities for Mercedes-Benz between Antwerp and Gent.
- On August 22 Hedin Belgien Bil signs an agreement to acquire five full-service facilities for Mercedes-Benz between Antwerp and Brussels. The acquisition is completed on September 16.
- September 17 marks the grand opening of Porsche Center Kristiansand in Norway.
- October 10 marks the grand opening of a new Porsche Center in Jönköping.
- October 14 marks the grand opening of a new KIA-dealership in Tagene outside of Göteborg.
- An MoU is signed by Hedin Automotive with the Chinese electric car brand BYTON regarding the retail rights on the Norwegian market.
- On November 13 the dealership of Hedin Örebro Bil AB in Norrköping is liquidated.
- As of December 1, the assets and liabilities of a Ford-Store facility in Västerås is acquired by Hedin Mölndal Bil AB from Hermibil i Mälardalen AB after their liquidation.
- Interwheel Sweden AB is acquired on December 2 by Klintberg & Way Group through their subsidiary Klintberg & Way Parts AB from Däckia AB. Interwheel Sweden AB is a tire, rim and complete wheel-set wholesaler focusing on customers within the car industry in the Nordic region
- The Klintberg & Way Automotive SA operation/HQ in Lugano, Switzerland is re-located to Bremerhaven, Germany on December 3.

2020

- The FordStore in Västerås is re-opened on January 13 after being renovated.
- On January 16, the Hedin group expands to Switzerland by entering an agreement to acquire SeeAll Group (Zürich). SeeAll Groups two car facilities, Allmend Garage and Seeblick Garage, becomes the first two Hedin operations in Switzerland. SeeAll is a part of the fully owned, newly established subsidiary to Anders Hedin Invest AB, Hedin Automotive AB and is operated through the Norwegian unit Hedin Automotive.
- On January 29, the plans of Hedin Performance Cars AB to build a Porsche Center in Linköping is announced. The grand opening is scheduled to 2022.
- On January 30 it was made public that Anders Hedin Invest AB and the Stern Groep N.V., a listed automotive retailer active in the Netherlands, are holding exclusive negotiations regarding the merger of the two companies automotive operations, including I.A. Hedin Bil AB.
- On March 2 it was made public that the Chinese electric car manufacturer BYTON will be choosing Hedin Automotive as a strategic sale- and service partner in Sweden and Norway. BYTON M-Byte will be launched in Europe during the latter half of 2021.
- On March 5, Anders Hedin Invest AB signed a contract through the subsidiary Hedin Automotive AB to become the importer of Ford for the Swedish market. In addition to this the two parties have signed an MoU considering the planned takeover of Fords national import company in Sweden. The planned date for this takeover is August 1, 2020, after an approval of the Swedish Competition Authorities.
- On April 1, our new concept "Car Store" was launched. Car Store is a used car sales concept within the Hedin Group.

kSEK	2019	2018	2017	2016	2015
Net sales	22,301,382	21,043,340	12,657,046	9,744,132	8,075,853
Operating profit	360,207	227,107	197,230	176,843	158,802
Financial income and expense	-212,253	-114,143	-53,449	-10,705	-249
Profit before tax	147,956	112,964	143,781	166,138	158,553
Tax	-44,646	-26,108	-25,104	-30,638	-34,195
Profit for the year	103,308	86,856	118,677	135,500	124,358
Intangible fixed assets	1,877,075	1,522,412	1,215,266	55,194	23,500
Tangible fixed assets	7,562,976	2,002,531	1,519,245	620,576	354,457
Financial fixed assets	70,749	57,346	32,321	99,986	331,395
Inventories	3,089,271	2,736,249	2,446,334	919,980	955,773
Accounts receivables	970,145	716,803	590,907	272,259	233,392
Other current assets	752,738	646,168	546,140	326,514	271,468
Total assets	14,322,954	7,681,509	6,350,213	2,294,509	2,169,985
Equity	931,028	795,568	703,962	615,077	610,061
Non-current liabilities	7,876,863	2,892,119	2,929,490	479,115	301,240
Accounts payables	1,713,413	1,258,126	1,136,415	250,622	438,671
Other liabilities	3,801,650	2,735,696	1,580,346	949,695	820,013
Total equity and liabilities	14,322,954	7,681,509	6,350,213	2,294,509	2,169,985
Cash Flow from Operating activities	1,508,029	460,094	-11,958	370,487	-67,952
Cash flow from Investing activities	-1,474,956	-1,238,694	-1,675,521	-382,719	270,281
Cash Flow from Financing activities	22,641	825,011	1,738,367	10,268	-211,619
Cash flow for the year	55,714	46,411	50,888	-1,964	-9,290
Equity to assets ratio	9%	15%	17%	27%	28%
Return on equity	12%	12%	18%	22%	20%
Number of employees	2,733	2,450	1,711	1,434	1,183

The figures for 2019 are in accordance with IFRS16. Earlier years have not been recalculated.

FIVE-YEAR SUMMARY

kEUR	2019	2018	2017	2016	2015
Net sales	2,137,458	2,047,954	1,285,018	1,018,526	884,056
Operating profit	34,524	22,102	20,024	18,485	17,384
Financial income and expense	-20,343	-11,108	-5,426	-1,119	-27
Profit before tax	14,181	10,994	14,598	17,366	17,357
Tax	-4,279	-2,541	-2,549	-3,203	-3,743
Profit for the year	9,901	8,453	12,049	14,163	13,613
Intangible fixed assets	179,907	148,162	123,381	5,769	2,573
Tangible fixed assets	724,867	194,888	154,243	64,867	38,802
Financial fixed assets	6,781	5,581	3,281	10,451	36,278
Inventories	296,983	266,294	248,366	96,163	104,628
Accounts receivables	92,983	69,760	59,992	28,458	25,549
Other current assets	72,146	62,886	55,447	34,130	29,717
Total assets	1,372,772	747,570	644,711	239,838	237,546
Equity	89,234	77,425	71,470	64,292	66,783
Non-current liabilities	754,952	281,463	297,419	50,080	32,976
Accounts payables	164,221	122,442	115,376	26,197	48,021
Other liabilities	364,366	266,240	160,446	99,269	89,766
Total equity and liabilities	1,372,772	747,570	644,711	239,838	237,546
Cash Flow from Operating activities	144,536	44,777	-1,214	38,726	-7,439
Cash flow from Investing activities	-141,366	-120,551	-170,109	-40,004	29,587
Cash Flow from Financing activities	2,170	80,291	176,489	1,073	-23,166
Cash flow for the year	5,340	4,517	5,166	-205	-1,017
Equity to assets ratio	9%	15%	17%	27%	28%
Return on equity	12%	12%	18%	22%	20%
Number of employees	2,733	2,450	1,711	1,434	1,183
Exchange rate SEK/EUR	10,43	10,28	9,85	9,57	9,14

The figures for 2019 are in accordance with IFRS16. Earlier years have not been recalculated.



DIRECTOR'S REPORT

The Board of Directors and CEO of I.A. Hedin Bil AB (publ), corporate ID No. 556065-4070 hereby presents the Annual Report and Consolidated Financial Statements for the financial year 2019-01-01 - 2019-12-31.

GENERAL ABOUT THE BUSINESS

I.A. Hedin Bil Group is a family-owned business with sales and service of new and used vehicles.

I.A. Hedin Bil Group is operating authorized sales and after sales facilities for passenger vehicles, commercial vehicles and heavy trucks in Sweden, Norway and Belgium. The brands represented by Hedin Bil are Mercedes-Benz, Jeep, Dodge, RAM, Smart, Nissan, Mitsubishi, Citroën, DS, Fiat, Cadillac, Corvette, Chevrolet, Chrysler, KIA, Opel, Dacia, Renault, Abarth, Honda, Jaguar, Alfa Romeo, Subaru, Isuzu, Range Rover, Land Rover and Ford. The brands represented by Bavaria are BMW and MINI, while Porsche is sold in dedicated Porsche Centers. In Belgium, Mercedes-Benz and Smart are represented under the trademark Hedin Automotive. Distribution and retailing of BMW spare parts for the Norwegian market is carried out by GS Bildeler.

Hedin Bil is currently represented through more than 100 automotive dealerships in Sweden, Norway and Belgium. The Group provides both new and used passenger cars, commercial vehicles and trucks. The ambition is to be a fullservice company with a comprehensive offering for both private and corporate customers. The overall concept offers financing, service agreements and insurance.

PARENT COMPANY

I.A. Hedin Bil AB's operations consist primarily of managing and developing ownership interests in existing subsidiaries, and providing common support functions such as finance, HR, marketing, vehicle administration, etc.

The company is a subsidiary of Anders Hedin Invest AB, corporate ID No. 556702-0655, based in Mölndal, which also prepares consolidated accounts.

Amount in thousand SEK (kSEK)	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Net sales	22,301,382	21,043,340	12,657,046	9,744,132	8,075,853
Profit after financial items	147,954	112,964	143,781	166,138	158,553
Total assets	14,322,954	7,681,509	6,350,213	2,294,509	2,169,985
Return on equity %	12	12	18	22	20
Equity ratio %	9	15	17	27	28
Equity ratio % exklusive IFRS 16	13	15	17	27	28
Average number of employees	2,733	2,450	1,711	1,434	1,183

Definitions

Return on equity: Profit for the year in relation to average equity.

Equity ratio: Equity and subordinated loan to parent companies (Note 22) in relation to the total assets.

KEY EVENTS DURING THE YEAR

On the 12th of February Bavaria Haugesund AS acquired 51 percent of the shares in MPS Micropaint Haugesund AS. The company is a service and repair shop for vehicles.

On the 18th of February Hedin Belgien Bil AB acquired a body and paint shop next to our dealership in Lier, Belgium.

GS Bildeler AS acquired 91 percent of the shares in EBC Brakes Norge AS on 26th of February. EBS Brakes is a wholesaler of automotive brakes and vehicle care products.

On June 7, Bavaria Norge AS entered into an agreement to acquire three BMW dealerships in Ålesund, Molde and Kristiansund in Norway from Brages Bil AS. The acquisition was completed on 14th of August.

On the 21st of August, Hedin Belgien Bil AB took over two full-service facilities for Mercedes-Benz located between Antwerp and Ghent.

On the 22nd of August, Hedin Belgien Bil AB entered into an agreement to acquire one full-service facility for Mercedes-Benz located between Antwerp and Brussels. The acquisition was completed on September 16.

On December 1, the assets were acquired in a FordStore facility in Västerås from HermiBil i Mälardalen AB in bankruptcy. This is the eighth facility held by Hedin Mölndal Bil AB.

EVENTS AFTER THE END OF THE FINANCIAL YEAR

On January 30, Anders Hedin Invest AB and Stern Groep NV, the Dutch listed automotive group, announced that they are in exclusive negotiations on a merger between their respective automotive operations, including I.A. Hedin Bil AB. Due to Covid-19, it was decided in March 2020 to postpone further discussions until the car industry returns to normal.

On April 1, sales of used cars were launched under the trademark Car Store, in a separate company - Car Store Sweden AB. The first sale facility is located in Täby.

EXPECTED FUTURE DEVELOPMENT

The overall market has been strong in recent years and for next year a slight decline on our markets is expected. A high level of uncertainty has arisen in the industry following the outbreak of Covid-19, leading to an expected decline in sales during the spring and summer of 2020. Our home markets all face different challenges based on government actions to control the spread of the virus, labour legislation, government stimulus bills, and customer behaviour. The Belgian authorities has decided on a temporary shutdown of non-critical operations, which means that our facilities are closed as of March 18 except for certain emergency repair business. A government salary guarantee covers most of the costs of our employees. Return to ordinary business is preliminary set to April 20. In Norway, deliveries have decreased in March while the orders has increased. Demand for our aftermarket services is still strong. Due to the market uncertainties and expected disruption in the supply, part-time working is introduced for 30-50 percent of the staff. This ratio is continuously reassessed. In Sweden, our new vehicle sales were down by approx. 15 percent in March compared to last year. Used car sales decreased by just under 4 percent and after sales services is so far unaffected. Countermeasures include part-time working and layoffs. All businesses have increased preparedness, with more frequent monitoring and forecasting of performance and cash flow based on different scenarios and focus on releasing working capital.

Cost saving programmes are implemented to right size the business to new market conditions. All actions are taken to be prepared for a prolonged recession with as little negative impact on the business as possible. Still, it is important to note that the negative effect on our home markets, excluding Belgium, has so far been limited.

RISKS

Car sales are dependent on the economic climate and this creates sensitivity in Group sales. Effective processes and control of the inventory situation are required with the purpose of reducing the sensitivity in profitability. Agreements with importers are on a rolling two-year or five-year term. This highlight even further the importance of maintaining a good relationship and to build long-term partnership between the importer and the dealer. Hedin Group aims to be a strategic partner for each of its importers and to build up a strong sense of trust between the parties.

The creation of a complete concept that includes financing, insurance, servicing, credit cards and different forms of ownership, is a key factor in promoting customer loyalty. Through a wide range of brands, the risks arising from excessive exposure on individual brands also decrease. At the same time, the expansion of recent years has mainly focused on the premium segment and in well-functioning markets, which reduces and spread the risks in a positive way.

Opportunities are created to widen and spread the risks, through Group operations in several sectors of the automotive industry, including sales, service centres, car rental and spare parts.

As explained under the heading "Expected future development", the Covid-19 outbreak has already affected our operations. The uncertainty in the market is causing a decline in business activity and the long-term impact on the Group's operations is currently unknown. The most important risks associated with the uncertain situation are the following;

- Demand: Although the impact so far has been limited compared to several other retail industries, there is a risk that consumption of capital goods, including vehicles, will decrease to a significantly lower level over a longer period of time. Cost saving packages has been submitted to meet the risk of such a development.

- Inventory values: If there is an oversupply in the market, there is a risk of price adjustments downwards in the pricing of vehicles. We continuously analyze existing inventory and trade-in value to ensure that the inventory is competitive.

- Ability to deliver: Most automotive factories in Europe were closed at the end of March and are expected to open again in April/May. This can affect our delivery capacity in the short term.

- Financing and liquidity: If the decline becomes prolonged, there is a risk that refinancing of the current credit portfolio will not be possible. There is an ongoing dialogue with our creditors to ensure long-term cooperation. In our current terms of lending, there are no special covenants that have a negative impact on financing.

CORPORATE GOVERNANCE REPORT

The supreme decision-making body in I.A. Hedin Bil Group lies with the Shareholders General Meeting. The Shareholders General Meeting appoints the board, which has the ultimate responsibility to ensure that the internal control functions are working satisfactorily so that the quality of the financial reporting can be ensured. The Board of directors is responsible to ensure that the company's organization is designed in such a way that the accounting, funds management and the company's financial conditions are controlled in a satisfactory manner. The Board regularly evaluates the CEO's work. The CEO's task, together with the CFO, is to examine and ensure the quality of the financial reporting. Clear guidelines are communicated to the subsidiaries to ensure applied rules and

principles are followed within the Group's companies. The Group's external auditors report to the Board if necessary, and at least once a year.

Shareholders General Meeting

The company's largest shareholder is Anders Hedin Invest AB, with a holding of 91 percent of the shares. Anders Hedin Invest AB is wholly owned by Anders Hedin, who is also President and CEO of I.A. Hedin Bil AB. The remaining 9 percent is owned by Ingemar Hedin. There are 100 shares of series A, each share entitling to ten votes, and 900 shares of series B, each share entitling to one vote. There are no restrictions on how many votes each shareholder can cast at a shareholders general meeting. All shares of series A are held by Anders Hedin Invest AB.

There are no special regulations in the Articles of Association for the appointment or dismissal of Board members, or amendments to the Articles of Association.

SUSTAINABILITY REPORT

The I.A. Hedin Bil Group has many employees and several business areas in different geographical locations. It is therefore important to share fundamental values on how the business should be conducted. The approach is essential for the business and guides on the challenges faced at work. The commitment, without compromise, is to act within proper ethical guidelines. This is a crucial ingredient to gain trust and confidence from customers, suppliers and financiers.

We have set up guidelines and standards to help our employees to have a professional approach in solving ethical issues that may arise at work. This guidance is described in our Code of Conduct, as part of the Sustainability Report.

The Swedish operations of I.A. Hedin Bil has an overall Quality and Environment policy which, together with the quality- and management system, meets the requirements of ISO 9001 & ISO 14001. The environmental certification Miljöfyrtån is implemented in parts of the Norwegian business. Guidelines, other policies and Code of Conduct are published and easily accessible to all employees within the Group.

I.A. Hedin Bil is an automotive retailer that does not manufacture the products it distributes. Manufacturing and developing of vehicles are the responsibility of the car manufacturers. As a retailer in the automotive industry, there is limited ability to influence the car manufacturers. However, the Hedin Group is constantly committed to its own environmental policy in order to limit the impact from facilities and workshops.

In 2019, I.A. Hedin Bil continued to acquire and build new dealerships. The ambition is to implement the same sustainability guidelines to the newly added facilities. To ensure a long-term sustainability approach, the Hedin Group work actively to create the right conditions to reduce environmental impact.

Within the organization we are constantly working to improve the leadership and to develop the company forward to strengthen our brand as an employer. Through these efforts we are creating a secure and efficient organization, where our employees are characterized by their sense of satisfaction and professional skills. The basis of all our work is Reliability, Trustworthy and Availability.

During the year, the focus has also been educational efforts for our managers and employees to meet new technologies and digital trends, development of our introductory program for different kinds of positions, continuous monitoring and efforts to reduce staff turnover and also to continue the work of clarifying both structure and culture. The

purpose is to strengthen the customer focus within the organization and to have quality and competitiveness in a fast and changeable market.

In accordance with chapter 6, section 11 of the Annual Accounts Act, the Sustainability Report is prepared as a separate report from the annual report. The Sustainability Report is available from the company, or on the website www.hedinbil.se.

REVENUE AND EARNINGS

Net sales in 2019 increased by 6 percent to kSEK 22,301,382 (kSEK 21,043,340). Net sales excluding acquired businesses decreased by 4 percent. The business model of Mercedes-Benz passenger cars has switched into an agent model, meaning that invoicing to end customers are made directly from the importer. Adjusted for this change, net sales are in line with the previous year.

Operating profit for the year amounted to MSEK 360 (MSEK 227), with an operating margin of 1.6 percent (1.1 percent). Excluding effects from IFRS16 the operating profit amounted to MSEK 324, and an operating margin of 1.5 percent. The operating margin in vehicle sales amounted to 0.8 percent (0.6 percent). The sales of new cars decreased by 5 percent during the year, excluding acquired businesses, of which most of the decline is due to the change in Mercedes-Benz into an agent model. At the same time, sales of used cars have increased by 11 percent, where also the profitability for used cars has improved gradually since the launch of Hedin Certified at the end of last year. The operating margin in After sales was 3.5 percent (3.0 percent). Earnings have improved during the year through efficiency improvements. .

The operating profit in Hedin Bil has improved compared to last year. A lower profitability in sale of new cars, are offset by increased sales and profitability in used cars. The profitability in after sales has also improved by cost savings. Operating profit in Bavaria increased compared to last year, mainly due to efficiency improvements in after sales. Operations in Belgium started last year and are proceeding as planned. In August and September this year, another three dealerships were added.

The profit after financial items amounted to kSEK 147,954 (kSEK 112,964). Excluding the effects of IFRS 16 the profit amounted to kSEK 179,133.

FINANCIAL POSITION

As of December 31, 2019, cash and cash equivalents amounted to kSEK 157,329 (kSEK 99,724). Together with the unused overdraft facilities, there was a payment readiness of MSEK 359 (MSEK 234).

The Group's total assets amounted to kSEK 14,322,954 (kSEK 7,681,509) at balance sheet date. Investments during the year in fixed assets and businesses amounted to kSEK 1,484,796 (kSEK 1,247,729).

PARENT COMPANY

I.A. Hedin Bil AB operations consist primarily of managing and developing its existing subsidiaries, as well as providing intra-company services. The profit after financial items amounted to kSEK -36,718 (kSEK -45,870) and net profit for the year amounted to kSEK 63,297 (kSEK 40,296).

PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board of Directors proposes that unappropriated earnings of kSEK 413,825, be distributed as follows:

	<i>Amount in thousand SEK (kSEK)</i>
Carried forward	413,825
Total	413,825

CONSOLIDATED INCOME STATEMENT AND TOTAL COMPREHENSIVE INCOME

<i>Amount in thousand SEK (kSEK)</i>	<i>Note</i>	<i>1/1/2019 - 12/31/2019</i>	<i>1/1/2018 - 12/31/2018</i>
Operating income			
Net sales	4	22,301,382	21,043,340
Other operating income	5	25,847	10,509
		22,327,229	21,053,849
Operating expenses			
Goods for resale		-17,719,997	-17,164,387
Other external expenses	7,8	-1,028,048	-1,383,845
Employee benefit expenses	6	-2,022,859	-1,775,608
Depreciation and amortization of tangible and intangible fixed assets	13,14	-1,196,118	-502,902
Operating profit		360,207	227,107
Profit/loss from financial items			
Financial income	9,11	25,055	11,923
Financial expenses	10,11	-237,308	-126,066
Profit before tax		147,954	112,964
Taxes	12	-44,646	-26,108
Profit for the year		103,308	86,856
Profit for the year attributable to:			
Parent company's shareholders		100,322	82,763
Holdings with non-controlling interests		2,986	4,093
Profit for the year		103,308	86,856
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
<i>Revaluation of pension obligations, net after tax</i>		-4,768	-1,344
		-4,768	-1,344
<i>Items that can be reclassified to the profit for the period</i>			
Conversion differences		35,969	14,943
		35,969	14,943
Other comprehensive income		31,201	13,599
Total comprehensive income for the year		134,509	100,455
Comprehensive income for the year attributable to:			
Parent company's shareholders		131,043	95,510
Holdings with non-controlling interests		3,466	4,945
Total comprehensive income for the year		134,509	100,455

CONSOLIDATED BALANCE SHEET

<i>Amount in thousand SEK (kSEK)</i>	<i>Note</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
ASSETS			
<i>Fixed assets</i>			
<i>Intangible fixed assets</i>			
Intangible rights	13	16,936	11,205
Customer relations	13	439,278	359,623
Goodwill	13	1,420,861	1,151,584
		1,877,075	1,522,412
<i>Tangible fixed assets</i>			
Land and buildings	14	273,209	268,208
Costs incurred on another's property	14	224,036	142,933
Equipment, tools and installations	14	248,473	245,127
Leasing vehicles	14	2,004,533	1,346,263
Right-of-use assets	14	4,812,725	0
		7,562,976	2,002,531
<i>Financial fixed assets</i>			
Other long-term securities	15	2,275	7,504
Deferred tax assets	21	61,911	49,842
Other non-current receivables	16	6,563	0
		70,749	57,346
Total fixed assets		9,510,800	3,582,289
<i>Current assets</i>			
<i>Inventories, etc.</i>			
Finished products and goods for resale		3,089,271	2,736,249
		3,089,271	2,736,249
<i>Current receivables</i>			
Accounts receivable	17	970,145	716,803
Receivables from Group companies		12,188	25,511
Other current receivables		256,794	136,383
Prepaid expenses and accrued income	18	326,427	384,550
		1,565,554	1,263,247
<i>Cash and cash equivalents</i>	19	157,329	99,724
Total current assets		4,812,154	4,099,220
TOTAL ASSETS		14,322,954	7,681,509

CONSOLIDATED BALANCE SHEET

<i>Amount in thousand SEK (kSEK)</i>	<i>Note</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
EQUITY AND LIABILITIES			
Equity	25		
Share capital, 1,000 shares		1,000	1,000
Reserves		23,991	-11,498
Balanced earnings, including profit for the year		885,000	789,446
Equity attributable to the parent company's owner		909,991	778,948
Holdings with non-controlling interests		21,037	16,620
Total equity		931,028	795,568
Non-current liabilities			
Provisions for pensions	20	89,983	87,090
Deferred tax liabilities	21	159,765	141,104
Liabilities to parent companies	22	350,000	350,000
Bond loans	22	1,493,400	1,491,000
Other liabilities to credit institutions	22	184,655	0
Leasing liability	22	4,332,659	12,544
Other non-current liabilities	22	1,266,401	810,381
Total non-current liabilities		7,876,863	2,892,119
Current liabilities			
Overdraft facilities	22	1,023,408	1,049,612
Liabilities to credit institutions	22	407,331	458,865
Leasing liability	22	500,978	0
Accounts payable		1,713,413	1,258,126
Liabilities to Group companies		270,556	59,506
Tax liability		19,409	6,654
Other current liabilities		994,457	697,533
Accrued expenses and prepaid income	23	585,511	463,526
Total current liabilities		5,515,063	3,993,822
TOTAL EQUITY AND LIABILITIES		14,322,954	7,681,509

GROUP REPORT ON CHANGES IN EQUITY CAPITAL

<i>Amount in thousand SEK (kSEK)</i>						
	<i>Share capital</i>	<i>Reserves</i>	<i>Balanced earnings, including profit for the year</i>	<i>Total</i>	<i>Holdings with non-controlling interest</i>	<i>Total Equity</i>
Balance at 01/01/2018	1,000	-25,589	708,027	683,438	20,524	703,962
Profit for the year			82,763	82,763	4,093	86,856
Year's change of conversion reserve		14,091		14,091	852	14,943
Revaluation of provisions for pensions			-1,344	-1,344		-1,344
Other comprehensive income for the year		14,091	-1,344	-1,344	852	13,599
<i>Transactions with owners</i>						
Non-controlling interests arising from the acquisition of subsidiaries					-6 015	-6 015
Dividends to shareholders					-2 834	-2 834
Balance at 12/31/2018	1,000	-11,498	789,446	778,948	16,620	795,568
Profit for the year			100,322	100,322	2,986	103,308
Year's change of conversion reserve		35,489		35,489	480	35,969
Revaluation of provisions for pensions			-4,768	-4,768		-4,768
Other comprehensive income for the year		35,489	-4,768	30,721	480	31,201
<i>Transactions with owners</i>						
Changes in holding with non-controlling interests					3,470	3,470
Dividends to holding with non-controlling interests					-2,519	-2,519
Balance at 12/31/2019	1,000	23,991	885,000	909,991	21,037	931,028

CONSOLIDATED CASH FLOW STATEMENT

<i>Amount in thousand SEK (kSEK)</i>	<i>Note</i>	<i>1/1/2019 - 12/31/2019</i>	<i>1/1/2018 - 12/31/2018</i>
Operating activities			
Profit after financial items		147,954	112,964
Non-cash items	26	1,201,237	500,922
Income tax paid		-59,188	-28,235
Cash flow from operating activities before changes in working capital		1,290,003	585,651
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease (+) in inventories		-143,225	-63,985
Increase(-)/Decrease (+) in operating receivables		-213,591	8,323
Increase(+)/Decrease (-) in operating liabilities		574,842	-69,895
Cash flow from operating activities		1,508,029	460,094
Investing activities			
Acquisition of subsidiaries	27	-305,615	-624,457
Purchase of tangible assets		-186,117	-196,821
Sale of tangible assets		7,278	9,035
Purchase of leasing vehicles		-1,608,117	-833,602
Sale of leasing vehicles		615,053	407,151
Change in intercompany transactions		2,562	0
Cash flow from investing activities		-1,474,956	-1,238,694
Financing activities			
Borrowings	26	616,491	1,129,391
Repayment of debt	26	-86,627	-304,380
Repayment of lease liability	26	-507,223	0
Cash flow from financing activities		22,641	825,011
Cash flow for the year		55,714	46,411
Cash and cash equivalents at the beginning of year		99,724	53,759
Exchange rate difference in cash		1,891	-446
Cash and cash equivalents at the end of year		157,329	99,724

NOTES

Amounts in thousands SEK (kSEK) unless stated otherwise.

NOTE 1 MATERIAL FINANCIAL REPORTING STANDARDS

The Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. RFR 1 Complementary Accounting Regulations for Groups, issued by the Swedish Financial Reporting Board, has also been applied. Assets and liabilities have been valued at historical acquisition values with exception of certain disposable financial assets, as well as financial assets and liabilities valued at fair value through the income statement.

The Board approved these Consolidated Financial Statements for publication on April 21, 2020.

Preparing financial statements in accordance with IFRS requires the use of a number of significant estimates for accounting purposes. Furthermore, the management is required to make certain assessments when applying consolidated reporting standards. The areas that involve a high degree of assessment, which are complex, or are areas in which assumptions and estimates are of material significance to the Consolidated Financial Statements, are described in Note 3.

New financial reporting standards 2019

The IASB has issued several new and amended accounting standards, which have been approved by the EU and entered into force on January 1, 2019.

The new reporting standard IFRS 16 Leases has had a major impact on the Group's financial reports. For additional information on how leases are handled in I.A. Hedin Group, see further below the heading "Leasing" and in Note 8 Leases and Note 14 Tangible fixed assets.

New financial reporting standards 2020

At the time of the publication of this Annual Report a number of standards and interpretations have been published, but not yet come into force. There are no plans to apply new standards and amendments in advance. The I.A. Hedin Group expects no significant impact on the Group's accounts as a result of new or amended standards implemented in 2020 or later.

Consolidated Financial Statements

The Consolidated Financial Statements have been prepared in accordance with the principles set out in IFRS 10, Consolidated Financial Statements. The financial statements cover the Parent Company, I.A. Hedin Bil AB, and all companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the voting rights, or otherwise has a controlling interest. The Group has controlling interests in a company when it is exposed to, or has the right to, variable returns on shares in the company, and can affect returns by way of its controlling interests in the company. Companies are included in the Consolidated Financial Statements on the date controlling interests are transferred to the Group. They are excluded from the consolidated financial statement on the date controlling interests expire. Intragroup transactions, balance sheet items and unrealized gains and losses deriving from intragroup transactions are eliminated.

Acquisition method

The acquisition method is used for reporting the Group's business acquisitions. The purchase price for the acquisition of a subsidiary com-

prises the fair value of assets and liabilities. The purchase price also includes all assets and liabilities at fair value as a result of an agreed contingent purchase sum. Subsequent fair value adjustments of a contingent purchase sum that is classified as an asset or liability are reported in accordance with IAS 39, either in the Income Statement or in Other Comprehensive Income. Contingent purchase sums that are classified as equity are not revalued and the subsequent adjustment is reported under Equity.

If the purchase price exceeds the fair value of identifiable acquired net assets, the difference is reported as goodwill. If, in the case of an acquisition made at a low purchase price, and the amount is below the fair value of the acquired net assets, the difference is reported through the income statement. Costs relating to acquisitions are expensed as they arise.

Changes in ownership in subsidiaries without changes in controlling interest

Transactions with shareholders without a controlling interest that do not result in a loss of controlling interest are reported as equity transactions, i.e., as transactions made by the shareholders in their role as shareholders. A change in shareholding is reported via an adjustment of the carrying value for the holdings with both controlling and non-controlling interests in order to reflect changes in their relative holdings in the subsidiary company. In acquisitions from a holder with a non-controlling interest, the difference between the fair value and the actual, acquired, share of the reported value of the subsidiary's net assets is reported under Equity.

Translation of currencies

The Parent Company's functional currency is the Swedish krona, which also is the currency used in statements issued by the Parent Company and the Group. Income items are adjusted at the average exchange rate. Translation differences that arise are expensed under Equity and reported under Other comprehensive income.

Transactions in foreign currencies are translated into the functional currency using the exchange rates on the date of the transaction or the date the items are revalued. Exchange gains and losses that arise from payment of the transactions and translation of monetary assets and liabilities in foreign currencies, as at the year-end, are reported in the Income Statement.

Exchange gains and losses that are attributable to loans and cash and cash equivalents are reported in the Income Statement as financial income or expense. All other exchange gains and losses are reported under Operating profit.

Intangible fixed assets

Goodwill

Goodwill that arises as a result of business acquisitions is included in intangible assets. Goodwill is not amortized, instead, an impairment test is conducted annually or more frequently if events or changes in conditions indicate a possible fall in value. Goodwill is recognized at cost less accumulated impairments. In the event of the sale of a unit, the goodwill carrying value is included in the resulting gain/loss.

To conduct an impairment test, goodwill arising from business acquisitions is distributed to cash-generating units or groups of cash-generating units that can be expected to benefit from acquisition synergies. Each unit or group of units to which the goodwill is distributed represents the lowest level in the Group at which the relevant goodwill is monitored by internal management.

Customer relations

Customer relations that are acquired in business acquisitions are reported at fair value. The acquisition value is calculated through cash flow valuation at acquisition date.

Intangible rights

Intangible rights consist primarily of investment in and development of IT systems, software and licenses. Maintenance costs for software are expensed as they arise. Software development costs and costs for improved operating systems are recognized as an asset if they are technically usable and there are enough resources to pursue further development and implement the systems thereafter. Acquisition costs for software acquired through business acquisitions are recognized at fair value at the time of the acquisition.

Depreciation of intangible fixed assets with the purpose of allocating their acquisition value or revalued amount down to the estimated residual value over the estimated useful life, is made linearly as follows:

Customer relations	7 years
Intellectual property rights	3-5 years

Tangible fixed assets

Tangible fixed assets are reported at cost less depreciation. The acquisition value includes expenses that are directly attributable to the acquisition of the asset.

Additional costs are included in the asset's carrying value, or are reported as an individual asset depending on which is appropriate, only when there is a likelihood of future financial benefits for the Group that are attributable to the asset, and the asset's acquisition value can be measured reliably. The carrying value of the replaced item is removed from the Balance Sheet. All other forms of repairs and maintenance are reported as costs in the Income Statement during the period in which they arise.

Depreciation of assets in order to distribute their acquisition value or revalued amounts down to the estimated residual value during their estimated useful life is made on a straight-line basis as follows:

Buildings	20-50 years
Costs incurred on another's property	10-15 years
Machinery	5-10 years
Equipment, tools and installations	3-5 years

The assets' residual value and useful life are tested at the end of each accounting period and adjusted as necessary. An asset's carrying value and useful life are depreciated immediately to its recoverable value if the asset's carrying value exceeds its estimated recoverable value. Gains and losses that arise from sales are established by comparing sales revenue and the carrying value and are reported under Other operating income or Other operating expense in the Income Statement.

Leasing vehicles

Assets that are leased under operating leases are reported as tangible fixed assets. These assets consist of sold cars combined with commitment to future repurchases at a guaranteed residual value. Depreciation is made at guaranteed residual value during the useful period, usually of 3 years.

Impairment of non-financial assets

Intangible assets that have an undefined useful life or intangible assets that are not ready for use are not depreciated. Depreciated assets are assessed for impairment whenever events or changes in circumstances

indicate that the reported value may not be recoverable. An impairment loss is made by the amount at which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less the selling costs and its value in use. When assessing the impairment requirements, all assets are grouped at the lowest levels covering essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have been previously written down, an assessment is made per each balance sheet date for determining whether the reversal should be made.

Financial instruments

Classification

From January 1, 2018, I.A. Hedin Bil AB (publ) classifies the financial instruments in the following categories in accordance with IFRS 9; amortized cost and fair value through income statement. The classification is based on the nature of the asset's cash flows and on the business model the asset is covered by.

Financial assets measured at amortized cost

Interest-bearing assets (debt instruments) are held as part of collecting contractual cash flows, and these cash flows are solely payments of principal and interest, valued at amortized cost. The reported value of these assets is adjusted with any expected credit losses reported (see paragraph impairment below). The interest income from these financial assets is reported by the effective interest method and is reported as financial income. The Group's financial assets, valued at amortized cost, comprise receivables from Group companies, accounts receivable, other receivables and cash equivalents.

Financial liabilities measured at amortized cost

The Group's other financial liabilities are classified as valued at amortized cost, using the effective interest method. Financial liabilities at amortized cost consist of borrowings, accounts payable and liabilities/loan to Group companies. Borrowings are initially recognized at fair value, net after transaction costs. Borrowing is subsequently reported at amortized cost. Any differences between the amount received (net after transaction costs) and the repayment amount is reported in the statement of Other comprehensive income, allocated over the maturity period, applying the effective interest method. Borrowing is classified as short-term in the balance sheet if the company does not have an unconditional right to postpone the debt's maturity period for at least twelve months after the reporting period. Dividends paid are reported as a liability after the Shareholders General Meeting has approved the dividend. Accounts payable and other operating liabilities have expected short-term maturity and are valued without nominal amount discounting.

Financial assets and liabilities at fair value through the income statement

Financial assets measured at fair value through the income statement comprise long-term securities holdings and conditional supplementary purchase price. Financial liabilities measured at fair value through the income statement are also reported in subsequent periods at fair value and the change in value is recognized in profit or loss for the year. Liabilities in this category are classified as current liabilities if the maturity period is within 12 months from the balance sheet date. If the maturity period is later than 12 months from the balance sheet date, they are classified as long-term liabilities.

Impairment testing of financial assets

At each reporting date, the Group determine the future expected loan losses that are linked to assets, measured at amortized cost based on forward-looking information. The Group's financial assets, for which credit losses are expected, consists essentially of accounts receivable. The Group's provision method is based on whether there has been a significant change in credit risk or not. A credit provision is reported for expect-

ted credit losses at each reporting date. For the Group's financial assets, in all essentials accounts receivable, the Group applies the simplified approach for credit reservation, that is, the provision will correspond to the expected loss over the entire life of the accounts receivable. In order to measure the expected credit losses, accounts receivable have been classified based on distributed credit risk properties and overdue days. The Group uses forward-looking variables for expected credit losses.

Inventories

Inventories are reported at the lower of the acquisition value and net realizable value. The acquisition value is determined using the first-in-first-out method (FIFO). The net realizable value represents the estimated selling price in the current operations, less applicable variable selling costs. The valuation of the net realizable value is based on an individual assessment of vehicle inventories. In the case of spare parts stocks, an assessment of the stock is made based on age analysis.

Current and deferred taxes

The tax expense for the period comprises current and deferred taxes. The tax is reported in the income statement, with exception of taxes reported under Other comprehensive income or directly in equity. In those cases, the tax is also reported under Other comprehensive income and Equity. The current tax cost is calculated based on the set tax rules or that were decided in the countries where the parent company and its subsidiaries are active and generate taxable income.

The deferred tax is recognized on all temporary differences arising between the taxable value of assets and liabilities and their carrying value in the Consolidated Financial Statements. However, the deferred tax liability is not recognized if it arises as a result of the initial recognition of goodwill. Moreover, the deferred tax is not recognized if it arises as a result of a transaction that represents the initial recognition of an asset or liability that is not a business acquisition and that, at the time of the transaction, does not affect the reported or taxable income. Deferred taxes are calculated using tax rates that have come into force or have been published at the year-end and which are expected to be in force when the relevant deferred tax asset is realized, or the deferred tax liability is settled. The deferred tax assets are reported provided the future taxable surpluses will be available and against which temporary changes can be utilized.

Remuneration to employees

Plans for post-employment benefits are classified as either defined contribution plans or defined benefit plans. In defined contribution plans, fixed fees are paid to another company, usually an insurance company, and there is no further obligation to the employee once the fee is paid. The extent of the employee's post-employment benefits depends on the contributions paid and the return on capital that the fees give. Obligations under defined benefit plans are met partly through the PRI system and partly through an insurance policy with Alecta. Defined benefit pension plans via insurance taken out with Alecta are reported as defined contribution pension plans. All pension premiums are thus expensed during the period they were earned.

The liability reported in the Balance Sheet that is attributable to defined benefit pension plans is based on the current value of the defined benefit plan obligation at the year-end. The defined benefit pension plan obligation is calculated annually by independent actuaries using the "projected unit credit method". The current value of the defined benefit plan is established by means of discounting of estimated future cash flows using interest rates for first-class mortgage bonds that have been issued in the same currency in which payments will be made and in accordance with maturities that are relevant to the pension plan obligation.

Revaluation gains and losses that arise as a result of experience-based adjustments and changes in actuarial estimates are accounted for under Other comprehensive income for the period in which they arise. They are included under Retained earnings under Changes in equity and in the Balance Sheet. Costs attributable to services performed for previous periods are reported in the Income Statement.

Provisions

Provisions are reported in the Balance Sheet in the event the Group has a legal or informal commitment that has resulted from previous events, and when there is a likelihood that an outflow of resources may be required to settle the commitment, and the amount can be forecast with a degree of reliability. No provisions are made for future operating losses.

Revenue recognition

The recognized net sales mainly include revenues from sales of vehicles and aftersales services. Sales of vehicles include the sale of new vehicles as well as the sale of pre-owned vehicles.

Vehicles

In connection with sale of vehicles, customers can do direct payments or enter into agreements on various financing solutions such as installment credits and financial leases. The financing solutions are then passed on to various finance corporations. The revenue is recognized when the control of the vehicle has been transferred to the customer. The time for transfer of control refers to the delivery day of the vehicle. The value of provided discounts and other variable compensation has been taken into account as part of the revenue recognition. An assessment regarding variable compensation such as residual value guarantees is made at the beginning of the contract with ongoing revaluation at each reporting period. Commissions on transferred financial assets are reported continuously during the term of the contract. In cases where a vehicle sale is combined with a repurchase agreement and there is a financial incentive for the customer to resell the vehicle, the control is not considered to be transferred to the customer. The revenue and the cost are then reported over the residual value commitment period in accordance with operational leasing. An asset, a residual value debt and a prepaid lease income are reported in the balance sheet. The asset is depreciated over the contract period and the prepaid lease income is accrued over the contract period. The residual debt remains unchanged until the end of the contract.

Service Market

The service market includes the sale of spare parts, service, extended warranty and other aftermarket products. Revenue is recognized when the control has been transferred to the customer, normally when I.A. Hedin Bil has provided the aftermarket service and a cost of the execution has arisen. Then the customer can have benefit from the service provided. For spare parts, revenues are reported at the time they are delivered to the customer. For service and other aftermarket products, revenue is reported over the contract period. In cases where a payment is made in advance for service contracts, a contractual liability is reported.

Bonus from suppliers

Bonuses from suppliers on sold cars are reported as a reduced cost of commodities.

Leasing

The Group as lessor

For the lessor, the concept financial and operational leasing remains. Leasing in which a material proportion of the risks and benefits of ownership are retained by the lessor are classified as operational leases. Payments made for the leasing period are expensed on a straight-line basis in the Income Statement during the term of the lease. In financial leasing, the financial risks and benefits attributable to ownership are transferred to the lessee.

The Group as lessee

At January 1, 2019, IFRS 16 Leases replaced the present policies in IAS 17. The standard describes how the assets and liabilities due to the leasing agreement should be accounted in the balance sheet of the lessee. The same policies should be applied on operational leases and financial leases. All leasing agreements with maturity later than

12 months should be reported in the balance sheet and the lease payments should be reported as depreciation apart from the interest cost. The debt corresponds to the discounted present value of the future lease payments until the contract expires. I.A. Hedin Bil has chosen the modified retroactive method and 2018 will not be recalculated. The simplification approach that the right-of-use asset (before adjustments for any advance payments) should correspond to the lease liability has been applied in the transition, and the simplification rule for definition of a lease has been applied, which means that all components in a lease have been regarded as a lease component. The exceptions for not reporting short-term leases and assets of low value have also been applied.

The opening balance of the leasing liability and the right-of-use asset amounted to MSEK 4,496 for the existing leasing agreements. The largest part of the leasing agreements relates to properties, which refers to the facilities where Hedin Bil conducts its business.

The effect of the adjustments made during the transition to IFRS 16 is presented below, see summary of the Consolidated Income statement and the Consolidated Balance sheet;

CONSOLIDATED INCOME STATEMENT

<i>Amount in kSEK</i>	<i>1/1/2019- 12/31/2019 excl IFRS 16</i>	<i>Adjustments IFRS16</i>	<i>1/1/2019 - 12/31/2019 incl IFRS 16</i>
Operating income	22,327,229	0	22,327,229
Goods for resale	-17,719,997		-17,719,997
Other external expenses	-1,596,702	568,654	-1,028,048
Employee benefit expenses	-2,022,859		-2,022,859
Depreciation and amortization of tangible and intangible fixed assets	-663,961	-532,157	-1,196,118
Operating profit/loss	323,710	36,497	360,207
Financial income and expenses	-144,577	-67,676	-212,253
Profit/loss before tax	179,133	-31,179	147,954
Taxes	-51,300	6,654	-44,646
Net profit/loss for the period	127,833	-24,525	103,308

CONSOLIDATED BALANCE SHEET

<i>Amount in kSEK</i>	<i>12/31/2019 excl IFRS 16</i>	<i>Adjustments IFRS16</i>	<i>12/31/2019 incl IFRS 16</i>
Intangible assets	1,877,075		1,877,075
Tangible assets	2,750,251	4,812,725	7,562,976
Financial assets	64,095	6,654	70,749
Total fixed assets	4,691,421	4,819,379	9,510,800
Total current assets	4,822,334	-10,180	4,812,154
TOTAL ASSETS	9,513,755	4,809,199	14,322,954
Equity	955,466	-24,438	931,028
Interest-bearing, non-current liabilities	1,678,055	4,332,659	6,010,714
Other non-current liabilities	1,866,149		1,866,149
Interest-bearing, current liabilities	1,430,739	500,978	1,931,717
Other current liabilities	3,583,346		3,583,346
TOTAL EQUITY AND LIABILITIES	9,513,755	4,809,199	14,322,954

Cash Flow Statement

The Cash Flow Statement is prepared in accordance with the indirect method. The reported cash flow only includes transactions that involve incoming or outgoing payments.

In addition to cash in hand, the company classifies cash and cash equivalents as balances available at banks and other credit institutions, as well as current liquid investments listed on a marketplace and with a maturity of less than three months from the acquisition date. Blocked funds are not classified as cash and cash equivalents. Changes in blocked funds are reported as Investing activities.

Operating segments

The reporting of operating segments is consistent with the internal reporting to the highest executive decision maker. The highest executive decision makers have been defined as Group Management responsible for allocating resources to the operating segments and to evaluate their performance and to make the strategic decisions. The operating segments have identified two separate divisions, where Hedin Bil, Bavaria and Belgium are regarded as operating segments in accordance with IFRS 8.

Hedin Bil, Bavaria and Belgium

Hedin Bil refers to the sale of new and pre-owned vehicles and aftersales service activities in Sweden under the brand of Hedin Bil for passenger cars, commercial vehicles and trucks. This includes additional services such as financing, insurance, private leasing, etc. Bavaria refers to the sale of new and pre-owned vehicles and aftersales service activities in Norway and Sweden under the brand of Bavaria. Belgium refers to the sale of new and pre-owned vehicles and aftersales service activities in Belgium under the brand of Hedin Automotive.

Vehicle sales and After-market

Vehicle sales cover the sale of new and pre-owned cars including commission income from financing and insurance. After-market covers service, workshop services and workshop products and spare parts.

The parent company handles group-wide services, reported as Segment reconciliation.

The intra-group transactions consist primarily of lending. Interest and pricing are made at market prices.

Parent Company financial reporting standards

The Parent Company applies RFR 2 Accounting for legal entities as well as the Annual Accounts Act. The Parent Company applies different accounting principles compared to the Group in the events listed below.

The Income Statement and Balance Sheet comply with the statement format set out in the Annual Accounts Act. The statement of changes in equity complies with the Group's statement format but must include the columns listed in the Annual Accounts Act. In addition, this entails differences in the terminology used compared with the Consolidated Financial Statements, primarily regarding financial income and expenses and equity.

Shares in subsidiary companies are reported at the acquisition value, less deductions for depreciation. Group subsidies are reported in the Income Statement under Appropriations.

Financial instruments are recognized at acquisition cost. All lease agreements are reported as operational leases, including the higher initial charge, but excluding costs for services such as insurance and maintenance. These are reported on a straight-line basis over the term of the lease.

RFR 2 permits exceptions from IFRS 16 Leases for legal entity, which the parent company has applied as a lessee. Leasing agreements are hereby reported as operational leasing.

NOTE 2 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed through its operations to a number of financial risks, such as market risks (currency risks, interest risks) credit risks and liquidity risks. The Group's overall risk management policy includes carefully monitoring developments in the financial markets and taking appropriate measures to minimize potentially disadvantageous effects on the Group's financial earnings.

Risk management is handled by a central financial division in accordance with policies adopted by the Board. The CEO approves the risk management measures undertaken in accordance with policy and does so in close collaboration with the Group operating units.

Currency risk

The Group is exposed to currency risks that arise as a result of exposure to foreign currencies. The main currency risk for the Group is the currency fluctuations that arise when the assets and liabilities of the foreign subsidiaries are converted. Decisions have been made not to hedge these translation differences. Net assets in foreign currency amounted to MSEK 625 (MSEK 873) in EUR and to MSEK 1,247 (MSEK 1,037) in NOK.

Purchases are mainly made in local currency. Some purchases in the spare parts business in Norway are made in US dollars (USD) and in Euros (EUR). Currency risks arise as a result of future business transactions, reported assets and liabilities and net investments in operations abroad. As the Group is only exposed to currency risks to a limited extent, it has been decided not to hedge current payment flows. If the Swedish krona had weakened or strengthened by 10 percent in relation to the US dollar, with all other variables constant, the profit for the year as of December 31, 2019 would have been MSEK 1.1 (MSEK 1.1) lower/higher as a result of changes in purchase prices. If the Swedish krona had weakened or strengthened by 10 percent in relation to the Euro, with all other variables constant, the profit for the year as of December 31, 2019 would have been MSEK 4.3 (MSEK 4.1) lower/higher as a result of changes in purchase prices.

Interest rate risk in borrowing

The Group's interest rate risks arise as a result of long-term borrowing. In general, the Group does not use derivatives to adjust underlying interest rate exposure. Long-term loans consist of a bond in SEK with variable interest rate of, for the moment, approx. 3.8 percent. Other borrowings are at variable interest rates in SEK and EUR. Average interest rate are between 1.2 - 2.0 percent. If the interest rates on loans in Swedish kronor as of December 31, 2019 had been 1 percentage unit higher, with all other variables constant, the estimated profit after tax for the financial year would have been MSEK 23 (MSEK 21) lower/higher, mainly as a result of higher/lower interest rates for loans with variable interest rates. If the interest rates on loans in Euro had been 1 percentage unit higher, with all other variables constant, the estimated profit after tax for the financial year would have been MSEK 6 (MSEK 3) lower/higher.

Credit risk

Credit risks are managed at Group level, with exception of credit risks attributable to outstanding accounts receivable. Each company within the Group is responsible for following up and analyzing credit risks for each new customer prior to offering standard terms and conditions for payment and delivery. Credit risks arise as a result of cash and cash equivalents, holdings with credit institutions and bank deposits, as well as exposure to credit to customers, including outstanding receivables and agreed transactions. The use of credit limits is followed up regularly, and management does not expect any losses as a result of any parties defaulting on their payments. The credit risk in accounts receivable is specified in Note 17.

Liquidity risk

Cash flow forecasts are prepared by the Group's operating companies and aggregated by the Group's CFO. The Group's CFO carefully monitors current projections for the Group's liquidity reserves in order to ensure that the Group has sufficient liquidity to satisfy any requirements in current operations while at the same time maintaining sufficient flexibility in agreed credit facilities that have not been utilized to ensure that the Group does not exceed the credit limits of any of its loan facilities.

The table below analyses the Group's financial obligations distributed over the period remaining as at the year-end through to the agreed expiry date. The amounts in the table are agreed non-discounted cash flows, including future interest payments.

<i>Maturity of liabilities - Group</i>	<i>< 1 year</i>	<i>1-2 year</i>	<i>> 2 year</i>
Bond loans	57,150	57,150	1,542,863
Liabilities to Group companies	270,556	0	350,000
Liabilities to credit institutions	436,621	1,288,563	187,886
Overdraft facilities	1,041,318	0	0
Leasing liability	508,493	516,120	4,316,360
Accounts payable	1,713,413	0	0
Other liabilities	466,059	330,554	621,204
Accrued expenses	44,527	0	0
Summa	4,538,137	2,192,387	7,018,313
<i>Maturity of liabilities - Parent Company</i>	<i>< 1 year</i>	<i>1-2 year</i>	<i>> 2 year</i>
Bond loans	57,150	57,150	1,542,863
Liabilities to Group companies	224,321	0	350,000
Liabilities to credit institutions	158,712	0	0
Overdraft facilities	1,041,318	0	0
Accounts payable	5,507	0	0
Total	1,487,007	57,150	1,892,863

NOTE 3 ESTIMATES AND ASSESSMENTS

Estimates and assessments are valued continuously. These are based on historical experience and other factors, including expectations of future events, that under current conditions may be assumed to occur. The Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes will, by definition, seldom match the actual results. The estimates and assumptions that carry a significant risk of essential adjustments in reported values for assets and liabilities during the following financial year that are mentioned below.

Impairment testing of goodwill

The Group examines the existence of any impairment for goodwill, in accordance with the Group's accounting principles. The recoverable amounts of cash-generating units have been established by calculating the value in use. By necessity, these calculations include certain estimates (Note 13).

Repurchase agreements

In some car sales, the Group may occasionally commit to repurcha-

se agreements, which entail a commitment to repurchase a sold vehicle at a pre-agreed residual value. This occurs primarily in conjunction with private leasing transactions. The leases are reported as operational leases in accordance with the Group's accounting principles. The agreements entail a residual value risk in that the Group may be forced to sell pre-owned vehicles at a loss in the future, if the value then is weaker than predicted at the time the agreement was concluded. Ongoing assessments of these vehicles' future net realizable value are made along with randomized check of the resale value of the returned cars. The cars are reported as vehicles under Tangible assets and repurchase agreements are reported under Other liabilities.

Contract liabilities are in the form of cars sold with repurchase agreements, see note 22.

Inventories

Valuation of vehicles is made at the lower of acquisition cost and net realizable value. Net realizable value is established based on an estimated realizable value reduced by sales costs. Net realizable value was lower than acquisition cost by kSEK 26,345 (kSEK 41,153).

NOTE 4 NET SALES

	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
<i>Net sales distribution</i>		
Vehicle sales	19,952,984	19,343,807
Workshop	1,800,997	1,499,368
Spare parts in automotive operations	2,557,380	2,008,495
Fee and commission income	409,943	320,258
Elimination	-2,452,538	-2,170,399
Other	32,616	41,811
	22,301,382	21,043,340
<i>Net sales per geographic market</i>		
Sweden	15,259,135	16,486,913
Norway	3,203,268	3,342,425
Belgium	3,057,293	1,214,002
Other EU countries	781,686	0
	22,301,382	21,043,340

The internal performance monitoring is divided into different operating segments. The following operating segments have been identified, where Hedin Bil, Bavaria and Belgium are regarded as operating segments in accordance with IFRS 8.

Hedin Bil refers to the sale of new and pre-owned vehicles and service activities in Sweden under the brand of Hedin Bil for passenger cars, commercial vehicles and trucks. It also includes additional services such as financing, insurance, private leasing, etc.

Bavaria refers to the sale of new and pre-owned vehicles and service activities in Norway and Sweden under the brand of Bavaria for passenger vehicles. It also includes additional services such as financing, insurance, private leasing, etc.

Belgium refers to the sale of new and pre-owned vehicles and service activities in Belgium under the brand of Hedin Automotive for passenger cars, commercial vehicles and trucks. It also includes additional services such as financing, insurance, etc.

Car sales refers to the sale of new and pre-owned vehicles of passenger cars, commercial vehicles and trucks. It also includes additional services such as financing, insurance, private leasing, etc.

Service market includes service and repairs, sales of spare parts and accessories and tire hotels.

Operating segments	<i>Hedin Bil</i>		<i>Bavaria</i>		<i>Belgium</i>		<i>Segment reconciliation</i>		<i>Group</i>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	12,938,676	13,824,964	6,393,349	6,083,276	3,070,758	1,124,190	-101,401	-79,090	22,301,382	21,043,340
EBITDA	564,286	394,821	378,719	321,460	62,676	10,410	550,644	2,128	1,556,325	730,009
Depreciation	-397,802	-263,868	-233,913	-213,551	-48,124	-22,165	-516,279	-2,128	-1,196,118	-502,902
Operating profit	166,484	130,953	144,806	107,909	14,552	-11,745	34,365	0	360,207	227,107
Financial items									-212,253	-114,143
Profit before tax									147,954	112,964
Tax expense									-44,646	-26,108
Profit of the period									103,308	86,856
Investments in										
- fixed assets	127,771	167,118	32,060	31,894	25,829	21,942	457	3,565	186,117	224,519
- Leasing vehicles	1,054,167	530,145	553,950	303,457					1,608,117	833,602

Operating segments	<i>Vehicle sales</i>		<i>After market</i>		<i>Segment reconciliation</i>		<i>Group</i>	
	2019	2018	2019	2018	2019	2018	2019	2018
Net sales	20,395,543	19,705,876	4,358,377	3,507,863	-2,452,538	-2,170,399	22,301,382	21,043,340
EBITDA	725,703	528,016	261,968	201,993	568,654	0	1,556,325	730,009
Depreciation	-556,546	-407,340	-107,415	-95,562	-532,157	0	-1,196,118	-502,902
Operating profit	169,157	120,676	154,553	106,431	36,497	0	360,207	227,107
Financial items							-212,253	-114,143
Profit before tax							147,954	112,964
Tax expense							-44,646	-26,108
Profit of the period							103,308	86,856
Investments in								
- fixed assets	58,079	47,521	128,038	149,300			186,117	196,821
- Leasing vehicles	1,608,117	833,602					1,608,117	833,602

NOTE 5 OTHER OPERATING INCOME

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Rental income	9,511	8,777
Contributions received	431	286
Profit on sale of fixed assets	2,938	1,446
Other	12,967	0
Total	25,847	10,509

NOTE 6 EMPLOYEES AND EMPLOYEES BENEFIT EXPENSES

<i>Average number of employees</i>	1/1/2019- 12/31/2019		1/1/2018- 12/31/2018	
		<i>Of which men</i>		<i>Of which men</i>
Sweden	1,868	1,671	1,842	1,639
Norway	480	414	426	377
Belgium	380	329	181	150
Germany	5	3	1	1
Group Total	2,733	2,417	2,450	2,167

The Board of Directors consists of 5 (5) persons, of which 0 (0) woman. Other senior executives include 9 (9) persons, including 1 (1) woman.

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Salaries, other remuneration and social security costs		
Board of Directors, CEO and other senior executives <i>(of which bonuses)</i>	18,241 <i>(5,653)</i>	15,423 <i>(3,491)</i>
Other employees	1,546,645	1,288,309
Total Salaries and other remuneration	1,564,886	1,303,732
Social security costs	424,580	400,015
Pension costs	115,119	90,361
	2,104,585	1,794,108

The CEO of the parent company, Anders Hedin and the board member Hampus Hedin are employed in Anders Hedin Invest AB. Last year, Hampus Hedin was employed by I.A. Hedin Bil AB for part of the year,

with a salary of kSEK 799 and in addition there was a car allowance corresponding to kSEK 46 and pension payments of kSEK 142. Board members do not receive a director's fee. One board member submits invoices for services rendered.

NOTE 7 REMUNERATION TO AUDITORS

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
<i>PwC</i>		
Audit assignment (of which kSEK 1,857 to PwC AB)	4,831	4,144
Audit activities in addition to the audit assignment (of which kSEK 0 to PwC AB)	0	80
Tax consulting (of which kSEK 152 to PwC AB)	152	0
Other assignments (of which kSEK 0 to PwC AB)	0	35
	4,983	4,259
<i>Other</i>		
Audit assignment	271	162
Other assignments	77	73
	348	235
Total	5,331	4,494

The audit assignment involves examination of the Annual Report and financial statements as well as the administration by the Board of Directors and the CEO. Other duties undertaken by the auditor include

provision of advice as a result of observations made during the audit, and advice in other contexts. All other items are classified as Other assignments.

NOTE 8 LEASES

Group as lessee

From financial year 2019 and forward, leases are reported as right-of-use assets according to IFRS 16 Leases. The impact of the transition to IFRS 16 is described in Note 1 Material financial reporting standards and in Note 14 Tangible fixed assets.

Last year's operating leases amounted to kSEK 453,507, which had an impact on the income statement. Below are the previous year's future leasing fees as of the closing date December 31, 2018.

	<i>1/1/2018- 12/31/2018</i>
Future minimum lease payments at the closing date amounted to:	
Within one year	529,925
Between one and five years	1,918,249
After five years	2,447,323
	4,895,497

Since the Group has chosen to use a modified retroactive method regarding the transition from IAS 17 to IFRS 16, the previous year's operating leasing has not been recalculated. The lease liability is the present value of all future fees until the lease expires. The simplification

rule that the right-of-use asset (before adjustments for any advance payments) should correspond to the lease liability has been applied at the time of the transition. The Group's average marginal loan rate used to discount the lease debt was 1.5 percent.

Reconciliation from IAS 17 to IFRS 16

Operating lease commitments according to IAS 17 as of December 31, 2018	4,895,497
Financial leases	17,109
Short-term leases and low-value leases	-53,126
Discount effect, other	-363,798
Lease liability according to IFRS 16 as of January 1, 2019	4,495,682

Reported amount in the Balance sheet according to IFRS 16 16

In the Balance sheet the following amounts is reported related to leases:	<i>12/31/2019</i>	<i>January 1, 2019</i>
Right-of-use assets ¹⁾		
Premises	4,783,946	4,494,670
Equipment and vehicles	28,779	1,012
	4,812,725	4,495,682
Lease liabilities ¹⁾		
Short-term	500,978	481,307
Long-term	4,332,659	4,014,375
	4,833,637	4,495,682

¹⁾ Last year, only lease assets and lease liabilities attributable to financial leases were reported in accordance with IAS 17 Leases. The assets were presented as part of the tangible fixed assets and liabilities as part of the Group's borrowing.

Reported amount in the Income statement according to IFRS 16	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
In the Income statement the following amounts is reported related to leases:		
Depreciation of right-of-use assets		
Premises	-521,530	-
Equipment and vehicles	-10,627	-
	-532,157	-
Interest expenses (included in financial expenses)		
Premises	-67,212	-
Equipment and vehicles	-464	-
	-67,676	-

In 2019, total cash-flow applicable to leases was MSEK 507.

Group as lessor

Assets that are leased under operating leases are reported as tangible fixed assets. These assets consist of rental of premises, as well as sold vehicles combined with future repurchase commitments at a guaranteed residual value. The lease income for the year amounts to kSEK 173,053 (280,455).

Future minimum lease fees at the closing date amounted to:	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
Within one year	217,182	170,164
Between one and five years	204,358	173,672
After five years	0	0
	421,540	343,836

NOTE 9 FINANCIAL INCOME

	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
Interest income, other	1,584	1,781
Dividends	459	396
Profit from other securities	2,767	0
Exchange gains	20,245	9,746
Total	25,055	11,923

NOTE 10 FINANCIAL EXPENSES

	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
Interest expense	-150,875	-124,412
Interest expense IFRS16	-67,676	0
Exchange losses	-18,703	-1,654
Other financial expenses	-54	0
Total	-237,308	-126,066

NOTE 11 EXCHANGE RATE DIFFERENCES

	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
Financial income	20,245	9,746
Financial expenses	-18,703	-1,654
Total	1,542	8,092

NOTE 12 TAX ON PROFIT FOR THE YEAR

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
<i>Current tax</i>		
Current tax on profit for the year	-71,645	-37,173
Tax on previous years	-298	-201
	-71,943	-37,374
<i>Deferred tax</i>		
	27,297	11,266
Total	-44,646	-26,108
<i>Reconciliation of effective tax rate;</i>		
Profit before tax	147,954	112,964
Tax according to the applicable tax rate for the parent company (21,4% / 22%)	-31,662	-24,852
Effect of foreign tax rates	-2,076	-231
Non-deductible costs	-7,687	-4,216
Non-taxable income	4,962	4,161
Standard tax rate on allocation reserves	-116	-136
Change of tax rate	0	-309
Other permanent differences	-8,067	-525
	-44,646	-26,108

NOTE 13 INTANGIBLE FIXED ASSETS

	Intangible assets	Customer relations	Goodwill	Total
<i>Acquisition costs</i>				
Opening balance 01/01/2018	7,482	278,510	931,673	1,217,665
Purchase	4,120			4,120
Sales/disposals	2,973	131,871	204,961	339,805
Conversion differences	-401	4,280	14,950	18,829
Closing balance December 12/31/2018	14,174	414,661	1,151,584	1,151,584
Purchase	11,665			11,665
Business acquisitions	0	140,550	250,315	390,865
Sales/disposals	-543			-543
Conversion differences	417	7,391	18,962	26,770
Closing balance 12/31/2019	25,713	562,602	1,420,861	2,009,176
<i>Accumulated depreciation</i>				
Opening balance 01/01/2018	-160	-2,239	0	-2,399
Depreciation for the year	-3,038	-54,276		-57,314
Conversion differences	229	1,476		1,705
Closing balance 12/31/2018	-2,969	-55,039	0	-58,008
Depreciation for the year	-5,632	-67,471		-73,103
Sales/disposals	403			403
Conversion differences	-579	-814		-1,393
Closing balance 12/31/2019	-8,777	-123,324	0	-132,101
Carrying amount 12/31/2018	11,205	359,622	1,151,584	1,522,411
Carrying amount 12/31/2019	16,936	439,278	1,420,861	1,877,075

Impairment testing of goodwill

Goodwill is monitored by the management at Group level. Impairment testing of goodwill attributable to cash-generating units and other intangible assets is conducted annually. Estimated recoverable amount are based on the management's expectations of future earnings and cash flow. The estimated cash flows are based on five-year forecasts using estimated market trends. After the five-year period, the cash flow is based on a permanent growth rate of 2% (2%).

When calculating recoverable amount for cash-generating units, a discount factor of 9.3% (9.5%) before tax has been used, based on the weighted average cost of capital (WACC) and value in use, as the basis for the recoverable amount. The recoverable amount exceeds goodwill for all cash-generating units. The surplus value is naturally different between the various units, where recently completed acquisitions have lower surplus value. However, all goodwill values have a surplus value with an increased WACC of 0.5% and a reduced growth of 10%.

The following cash-generating units have reported goodwill values;

	12/31/2019	12/31/2018
Hedin Bil, Sweden	165,192	165,197
Hedin Automotive, Norway	903,177	829,864
Hedin Automotive, Belgium	352,492	156,523
Total	1,420,861	1,151,584

The breakdown of cash-generating units has changed as the Swedish units are merged into one common unit, due to that these units are increasingly integrated with each other. Division into the cash-generating units reflects the corresponding division into operating segments.

NOTE 14 TANGIBLE ASSETS

	Lands and buildings	Costs incurred on another's property	Equipment, tools and installations	Leasing vehicles	Right-of-use assets	Total
<i>Acquisition costs</i>						
Opening balance 01/01/2018	0	65,769	460,001	1,437,975		1,963,745
Purchase		93,234	97,434	833,602		1,024,270
Business acquisitions	282,463	4,185	460,001	571,086		329,370
Sales/disposals		-1,510	-14,707	-585,507		-601,724
Conversion differences	-2,513	1,472	15,039	9,937		23,935
Closing balance 12/31/2018	279,950	163,150	600,489	1,696,007	0	2,739,596
<i>IFRS 16</i>						
Purchase	5,126	81,470	84,610	1,608,117	4,495,682	4,495,682
Business acquisitions	7,074	24,809	24,384	121,420	289,986	467,673
Sales/disposals	-2,789	-512	-12,570	-879,981		-895,852
Transfers	2,280	2,762	-22,151		17,109	0
Conversion differences	4,237	916	4,239	9,644	33,981	53,017
Closing balance 12/31/2019	295,878	272,595	679,001	2,555,207	5,344,882	9,147,563
<i>Accumulated depreciation</i>						
Opening balance 01/01/2018	0	-3,228	-276,215	-165,057		-444,500
Depreciation for the year	-10,617	-15,008	-79,050	-340,915		-445,590
Sales/disposals			8,408	150,726		159,134
Conversion differences	-1,125	-1,981	-8,504	5,501		-6,109
Closing balance 12/31/2018	-11,742	-20,217	-355,361	-349,745	0	-737,065
Depreciation for the year	-8,681	-28,192	-80,992	-472,993	-532,157	-1,123,015
Sales/disposals	431		9,633	272,140		282,204
Conversion differences	-2,677	-150	-3,808	-76		-6,711
Closing balance 12/31/2019	-22,669	-48,559	-430,528	-550,674	-532,157	-1,584,587
Carrying amount 12/31/2018	268,208	142,933	245,128	1,346,262	0	2,002,531
Carrying amount 12/31/2019	273,209	224,036	248,473	2,004,533	4,812,725	7,562,976

NOTE 15 OTHER LONG-TERM SECURITIES

	<i>Carrying amount</i>	
	<i>12/31/2019</i>	<i>12/31/2018</i>
Unlisted shares	2,275	7,504
	2,275	7,504
<i>Accumulated acquisition cost:</i>		
Opening carrying amount	7,504	7,291
Business acquisitions	0	32
Purchase	48	46
Revaluation	137	135
Sales	-5,414	0
Carrying amount at year-end	2,275	7,504

NOTE 16 OTHER LONG-TERM RECEIVABLES

	<i>Carrying amount</i>	
	<i>12/31/2019</i>	<i>12/31/2018</i>
<i>Accumulated acquisition cost:</i>		
Opening carrying amount	0	0
Business acquisitions	6,729	0
Conversion differences	-80	0
Revaluation	-86	0
Carrying amount at year-end	6,563	0

NOT 17 ACCOUNTS RECEIVABLES

	<i>12/31/2019</i>	<i>12/31/2018</i>
Due date		
Not due	545,388	434,782
Past due up to 30 days	309,070	198,773
Past due 30-60 days	47,984	33,805
Past due more than 60 days	67,703	49,443
	970,145	716,803

The maximum exposure of credit risk at end of the year for accounts receivables are the amounts disclosed. The fair value of the accounts receivables is the carrying amount, as the discount factor is insignificant.

No accounts receivables have been pledged apart from disclosed in Pledged assets, note 24. The credit loss provision is estimated to kSEK 11,573 (kSEK 9,700).

NOT 18 PREPAID EXPENSES AND ACCRUED INCOME

	<i>12/31/2019</i>	<i>12/31/2018</i>
Accrued bonus from suppliers	130,877	188,818
Prepaid rent	111,048	113,917
Other items	84,502	81,815
	326,427	384,550

NOT 19 CASH AND CASH EQUIVALENTS

	12/31/2019	12/31/2018
Cash and bank balances	157,329	99,724
	157,329	99,724

NOT 20 PENSIONS

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Opening carrying amount	87,090	89,094
Pension payments	-5,710	-5,520
Interest	1,709	1,793
Revaluation due to changes in financial assumptions	5,747	1,422
Revaluation due to experience-based adjustments	319	301
Reclassification	828	0
	89,983	87,090

Defined benefit pension plans

For white collar employees in Sweden, the ITP 2 plan's defined benefit pension commitments for retirement and family pensions are secured through the insurance with Alecta. According to a statement from the Financial Reporting Board, UFR 10 Classification of ITP plans funded through an insurance in Alecta, a defined benefit plan covers several employers. The company has not had access to information and therefore could not report its proportional share of the plan's liabilities, management assets and expenses. This meant that the plan could not be reported as a defined benefit plan. Therefore, the pension plan ITP 2, secured through insurance in Alecta, is reported as a defined contribution plan. The premium for the defined-benefit retirement and family pension is individually calculated and depends, inter alia, on the salary,

previously earned retirement and expected remaining retirement period. The annual pension insurance contributions in Alecta amount to kSEK 27,978 (kSEK 29,473).

The Group has also defined benefit plans in Sweden and these are secured through FPG/PRI. These plans are closed and no new earnings are made. The pension liabilities for these amount to kSEK 89,155 (kSEK 87,090). For the actuarial calculations, a discount rate of 1.2% (2.0%) and an inflation of 1.8% (2.0%) have been applied. The duration of the commitment is approx. 11 years.

Sensitivity analysis	Assumption	Change
Discount rate	+0,5%	-4,812
Inflation	+0,5%	5,172
Life span	+1 år	4,289

NOT 21 DEFERRED TAX

	12/31/2019	12/31/2018
Deferred tax assets		
Opening carrying amount	49,842	25,030
Reported in income statement	10,502	2,244
Recognized in other comprehensive income	1,298	380
Change in tax rate	0	-146
Conversion differences	-871	-811
Business acquisitions	1,140	23,145
	61,911	49,842

The deferred tax assets mainly consist of temporary differences between fiscal and carrying values of assets and liabilities, and losses carried forward.

Deferred tax liabilities	12/31/2019	12/31/2018
Opening carrying amount	-141,104	-92,429
Reported in income statement	16,795	8,938
Change in tax rate	0	229
Conversion differences	-998	500
Business acquisitions	-34,458	-58,342
	-159,765	-141,104

Deferred tax liabilities consist of temporary differences between fiscal and carrying values of intangible assets, as well as untaxed reserves.

NOT 22 FINANCIAL DEBT

	12/31/2019	12/31/2018
Non-current borrowings		
Bond loans	1,493,400	1,491,000
Subordinated loan from Parent Company	350,000	350,000
Liability relating to sold cars with repurchase agreements	1,241,383	785,390
Financial leasing liabilities	4,332,659	12,544
Other liabilities	25,018	24,991
Other liabilities to credit institutions	184,655	0
	7,627,115	2,663,925
Current borrowings		
Overdraft facilities	1,023,408	1,049,612
Debt relating to sold cars with repurchase agreements	776,508	576,387
Financial leasing liabilities	500,978	8,188
Liabilities to credit institutions	407,331	450,677
	2,708,225	2,084,864

A bond loan has been issued to finance the business acquisitions. The loan runs for a period of 5 years at floating rate, and is listed on Nasdaq Stockholm. For new loan financing above a certain level and payment of dividends to shareholders, the company must meet certain levels of interest-bearing liabilities in relation to EBITDA and interest coverage ratio.

The parent company Anders Hedin Invest AB has submitted a loan of kSEK 350,000. The loan runs without interest and is subordinated to other liabilities.

The fair value of the loans corresponds to the carrying value, as the discount effect is insignificant. All borrowings are at a variable interest rate.

The Group has a granted overdraft of kSEK 1,225,000 (kSEK 1,205,000), renegotiated on an annual basis. Of the approved overdraft facility, kSEK 1 023 408 (kSEK 1,049,612) has been used as of December 31, 2019.

NOT 23 ACCRUED EXPENSES AND PREPAID INCOME

	12/31/2019	12/31/2018
Debt relating to employees	303,782	300,411
Interest expense	12,922	11,804
Prepaid income	38,698	34,147
Other items	230,109	117,174
	585,511	463,526

NOT 24 PLEDGED ASSETS

	12/31/2019	12/31/2018
Floating charges	1,168,668	1,096,500
Inventories, Accounts receivables and Equipment	908,896	822,864
Byggnader och mark	183,632	0
Net assets in subsidiaries	0	0
	2,261,196	1,919,364

Liabilities for the collateral amounted to kSEK 1,448,037 (kSEK 1,311,439) at year-end.

NOT 25 CONTINGENT LIABILITIES

	12/31/2019	12/31/2018
Guarantee commitments FPG/PRI	1,320	1,390
Repurchase and residual value guarantees	76,124	27,195
Other guarantees	7,839	8,340
Other	500	4,594
	85,783	41,519

NOT 26 SPECIFICATIONS TO CASH FLOW STATEMENT

	12/31/2019	12/31/2018
Depreciation	1,196,118	502,902
Provisions/receivables relating to pensions	2,893	-2,762
Unrealized exchange rate differences	1,895	-304
Gains/losses on sale of fixed assets	-2,069	-1,314
Other non-cash items	2,400	2,400
	1,201,237	500,922
<i>Financial liabilities</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
Opening carrying amount	4,172,402	3,319,046
Cash flow	22,641	825,011
Business acquisitions	302,259	6,124
Leasing liabilities	5,003,806	0
Conversion differences	57,724	22,221
	9,558,832	4,172,402
<i>Interest payments</i>	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
Paid interests	-218,551	-124,412
Received interests	1,584	1,781

NOT 27 BUSINESS ACQUISITIONS

Acquisitions in 2019

On the 12th of February Bavaria Haugesund AS acquired 51 percent of the shares at the price of NOK 1, in MPS Micro-paint Haugesund AS.

The company is a service and repair shop for vehicles.

On the 18th of February Hedin Belgien Bil AB acquired a body and paint shop next to our dealership in Lier, Belgium. The company, Star repair bvba, has four employees. The purchase price was kSEK 4,058, including goodwill of kSEK 1,696 that is attributable to synergies with our present business around Antwerp.

GS Bildeler AS acquired 91 percent of the shares in EBC Brakes Norge AS on 26th of February. The purchase price was kSEK 2,150 in a new share issue. EBS Brakes is a wholesaler of automotive brakes and vehicle care products.

On the 14th of August, Bavaria Norge AS acquired three BMW dealerships in Ålesund, Molde and Kristiansund. This was achieved through the acquisition of two companies, of which Molde was acquired at 83 percent. The purchase price amounted to kSEK 86,395. This includes acquired customer relations of kSEK 22,651, reported as intangible fixed assets. The amortization period is 7 years. Goodwill amounting to kSEK 48,733 is attributable to synergies with the present operations in Norway.

On the 21st of August, Hedin Belgien Bil AB took over two full-service facilities for Mercedes-Benz located between Ghent and Antwerp. The purchase price was kSEK 265,383. This includes acquired customer relations of kSEK 98,894, reported as intangible fixed assets. The amortization period is 7 years. Goodwill amounting to kSEK 177,003 is attributable to synergies with the present operations in Ghent and Antwerp.

On the 22nd of August, one dealership was acquired in Belgium with access on September 16. It is a fullservice dealership for Mercedes-Benz located between Antwerp and Brussels. The purchase price was kSEK 67,043. This includes acquired customer relations of kSEK 19,005, reported as intangible fixed assets. The amortization period is 7 years. Goodwill amounting to kSEK 20,941 is attributable to synergies with the present operations in Belgium.

Acquisitions in 2018

On April 1, Hedin Belgien Bil AB acquired three companies in Belgium, including seven dealerships in and around Ghent, with sales and aftermarket service of Mercedes-Benz passenger cars, commercial vehicles, trucks and Smart. The purchase price amounted to kSEK 394,271 and included four real estates. The purchase price includes acquired customer relationships of kSEK 41,460 which is reported as intangible fixed assets and amortized over seven years. Goodwill of kSEK 78,424 is attributable to synergies with other car operations and future sales. Acquisition costs amounted to approximately kSEK 600.

On May 3, Hedin Mölndal Bil AB agreed to acquire Motorcentralen i Eskilstuna AB, including a sales and after-market dealership for Ford passenger cars and commercial vehicles. The purchase price amounted to kSEK 9,511. Goodwill of kSEK 5,768 is attributable to synergies within the Ford business.

The minority stake in GS Bildeler was acquired on June 21 for kSEK 24,292.

AB Englands Bil & Motorverkstad was acquired on May 9 for kSEK 24,000 by Bavaria Sverige Bil AB. The company's businesses are sales and aftermarket service for a BMW dealership in Luleå. Goodwill of kSEK 18,459 is attributable to synergies within the BMW business in Bavaria.

On August 22, Hedin Belgien Bil AB acquired four companies including five dealerships in Antwerp, Belgium. The companies are dealers of Mercedes-Benz passenger cars. The purchase price amounted to kSEK 223,543, including acquired customer relations of kSEK 90,411 which is reported as intangible fixed assets and amortized over seven years. Goodwill of 79,000 kSEK is attributable to synergies with our present business in Belgium. Acquisition costs amounted to approximately kSEK 1,600.

On September 28, Skadecenter i Borås AB was acquired by Hedin Göteborg Bil AB for kSEK 23,680. The company runs a body repair workshop in Borås. The acquisition included real estate, which has been transferred to I.A. Hedin Fastighet AB.

On October 5, GS Bildeler AS acquired 67 percent in the Norwegian company ConLogo AS for kSEK 2,823, by issue of new shares. The price includes a goodwill of kSEK 1,019. The company is an importer of vehicle care products.

	<i>Hedin Automotive Belgien group</i>	<i>Hedin Automotive Norway group</i>	<i>Total 2019</i>	<i>2018</i>
Intangible fixed assets	117,899	22,651	140,550	131,931
Tangible fixed assets	261,631	206,043	467,673	302,029
Financial fixed assets	6,643	1,226	7,869	23,263
Inventories	114,018	71,035	185,052	200,030
Operating receivables	70,801	9,720	80,521	199,541
Cash and cash equivalents	115,844	3,569	119,413	90,770
Operating liabilities	-301,930	-184,656	-486,586	-378,798
Acquired net assets	384,906	129,587	514,493	568,766
Goodwill	199,640	50,674	250,315	204,961
Provisions	-29,475	-4,983	-34,458	-58,342
Non-controlling interests	0	-3,063	-3,063	5,966
Financial liabilities	-218,588	-83,670	-302,259	-6,124
Purchase price	336,483	88,545	425,029	715,227
Liquid funds in acquired businesses	-115,844	-3,569	-119,413	-90,770
Impact on the Group's cash and cash equivalents	220,639	84,976	305,615	624,457

In 2019, the acquired businesses contributed with approximately kSEK 698,714 (kSEK 1,301,414) in net sales and kSEK 32,091 (kSEK -8,645) in operating profit. If the acquired companies had been consolidated from January 1, 2019, the consolidated income statement would show net sales of kSEK 24,200,164 (kSEK 22,536,801) and operating profit of kSEK 432,648 (kSEK 264,767).

The Group recognizes the non-controlling interest in an acquired company either to fair value or the proportionate share of the acquired company's identifiable net assets. This choice of principle

is made for each individual business acquisition. For non-controlling interest in acquisitions during the year, the Group has chosen to report non-controlling interest as the proportional share of the acquired identified net assets.

During the year, no additional purchase price was paid in connection with the acquisition of businesses. There is also no current acquisition agreement where additional purchase price may expire at a later date.

NOT 28 FINANCIAL INSTRUMENTS

The table below shows financial instruments per category.

<i>December 31, 2019</i>	Valued at fair value	Measured at amortized cost	Total
<i>Assets</i>			
Long-term securities	2,275		2,275
Receivables from Group companies		12,188	12,188
Accounts receivables and other receivables		970,145	970,145
Cash and cash equivalents		157,329	157,329
Total assets	2,275	1,139,662	1,141,937
<i>Liabilities in the balance sheet</i>			
Loans		4,190,540	4,190,540
Loans from Group companies		350,000	350,000
Accounts payable		1,713,413	1,713,413
Liabilities to Group companies		270,556	270,556
Accrued expenses		44,527	44,527
Total Liabilities		6,569,036	6,569,036

<i>December 31, 2018</i>	Valued at fair value	Measured at amortized cost	Total
<i>Assets</i>			
Long-term securities	7,504		7,504
Receivables from Group companies		25,511	25,511
Accounts receivables and other receivables		716,803	716,803
Cash and cash equivalents		99,724	99,724
Total assets	7,504	842,038	849,542
<i>December 31, 2018</i>			
		Measured at amortized cost	Total
<i>Liabilities in the balance sheet</i>			
Loans		3,809,858	3,809,858
Loans from Group companies		350,000	350,000
Accounts payable		1,258,126	1,258,126
Liabilities to Group companies		59,506	59,506
Accrued expenses		14,944	14,944
Total Liabilities		5,492,434	5,492,434

The fair value of the liabilities corresponds to the carrying value, as the discount effect is insignificant. All liabilities are at a variable interest rate.

NOT 29 RELATED TRANSACTIONS

The Group purchase and sell to companies in the Anders Hedin Invest AB Group. Tires and rims are purchased from KW Wheels AB, Dawa Däck AB and Pro-imp AB at a value of kSEK 143,338 (kSEK 135,430). Spare parts and cars of kSEK 21,103 (kSEK 108,482) are purchased from Klintberg & Way Parts AB. From Klintberg & Way Cars AB and Klintberg & Way Automotive AB cars are purchased at a value of kSEK 100,856 (kSEK 433,875). Cars of kSEK 283,264 (kSEK 283,388) are sold to Mabi Sverige AB and rental services of kSEK 25,865 (kSEK 17,118) are purchased. The Group also purchase construction services from the Tuve Bygg Group with a total of kSEK 26,615.

The parent company, Anders Hedin Invest AB, provides internal services such as controlling and management, finance, procurement, IT etc. During the year 2019, Anders Hedin Invest AB has sold services to the Group at a total of kSEK 20,295 (kSEK 10,440).

Of the Group's total purchases and sales measured in kSEK, 2% (4%) of the purchases and 1% (< 1%) of the sales are attributable to sales companies in the Anders Hedin Invest AB Group.

The total receivables from Group companies and liabilities to Group companies are reported in the consolidated balance sheet. The parent company Anders Hedin Invest AB has submitted a loan of kSEK 350,000. The loan runs without interest and is subordinated to other liabilities. The loan will be repaid at 12/31/2022.

The company has an obligation to pay leasing fees for a lease agreement entered into by Anders Hedin Invest AB, provided Anders Hedin Invest AB does not fulfil its obligations. The lease payments amount to MSEK 88 on a straight-line basis over four and a half years.

In 2016, the affiliate company I.A. Hedin Fastighet AB with associated subsidiaries was divested to Fastighets AB Balder. The properties are rented by I.A. Hedin Bil Group for a period of 12 years. Erik Selin has been a board member of I.A. Hedin Bil AB since March 2017. The transaction was not classified as related transactions at the time of sale.

NOTE 30 EVENTS AFTER THE END OF THE FINANCIAL YEAR

On January 30, Anders Hedin Invest AB and Stern Groep NV. the Dutch listed automotive group, announced that they are in exclusive negotiations on a merger between their respective automotive operations, including I.A. Hedin Bil AB. Due to Covid-19, it was decided in March 2020 to postpone further discussions until the car industry returns to normal.

On April 1, sales of used cars were launched under the trademark Car Store, in a separate company - Car Store Sweden AB. The first sale facility is located in Täby.

Regarding the Group's impact in connection with the outbreak of Covid-19, we refer to the section "Expected future development" in the Board of Directors' report.

INCOME STATEMENT - PARENT COMPANY

<i>Amounts in kSEK</i>	<i>Note</i>	<i>1/1/2019- 12/31/2019</i>	<i>1/1/2018- 12/31/2018</i>
Operating income			
Net sales	<i>1</i>	119,631	89,516
		119,631	89,516
Operating expenses			
Other external expenses	<i>2,3</i>	-62,545	-45,809
Employee benefit expenses	<i>4</i>	-72,123	-62,889
Depreciation of tangible fixed assets		-2,353	-3,318
Operating profit		-17,390	-22,500
Profit (loss) from financial items			
Interest income and similar income	<i>5</i>	62,315	33,563
Interest expenses and similar charges	<i>6</i>	-81,643	-56,933
Profit after financial items		-36,718	-45,870
Appropriations	<i>7</i>	117,348	97 583
Profit before tax		80,630	51 713
Income tax	<i>8</i>	-17,333	-11,417
Profit for the year		63,297	40,296

In the parent company, there is no Other comprehensive income.

BALANCE SHEET - PARENT COMPANY

<i>Amounts in kSEK</i>	<i>Note</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
ASSETS			
Fixed assets			
<i>Tangible assets</i>			
Costs incurred on another's property	9	1,387	1,563
Equipment, tools and installations	9	3,619	5,339
		5,006	6,902
<i>Financial assets</i>			
Shares in Group companies	10	1,479,890	1,429,586
Deferred tax assets		44	0
		1,479,934	1,429,586
Total fixed assets		1,484,940	1,436,488
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	10	2,240,882	2,076,107
Tax assets		2,108	8,837
Other receivables		8,376	1,246
Prepaid expenses and accrued income	11	4,570	2,831
		2,255,936	2,089,021
Cash and cash equivalents		265	255
Total current assets		2,256,201	2,089,276
TOTAL ASSETS		3,741,141	3,525,764

BALANCE SHEET - PARENT COMPANY

<i>Amounts in kSEK</i>	<i>Note</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital, 1,000 shares		1,000	1,000
Statutory reserve		200	200
		1,200	1,200
<i>Non-restricted equity</i>			
Profit and loss brought forward		350,528	310,232
Profit for the year		63,297	40,296
		413,825	350,528
Total Equity		415,025	351,728
<i>Untaxed reserves</i>			
Untaxed reserves	<i>11</i>	44,656	37,003
Total Untaxed reserves		44,656	37,003
<i>Non-current liabilities</i>			
Liabilities to credit institutions	<i>13</i>	1,493,400	1,491,000
Liabilities to Group companies	<i>13</i>	350,000	350,000
Total non-current liabilities		1,843,400	1,841,000
<i>Current liabilities</i>			
Overdraft facility	<i>13</i>	1,023,408	1,049,612
Liabilities to credit institutions		155,982	200,882
Accounts payable		5,507	8,544
Liabilities to Group companies		224,321	10,987
Other liabilities		2,569	2,523
Accrued expenses and deferred income	<i>14</i>	26,273	23,485
Total current liabilities		1,438,060	1,296,033
TOTAL EQUITY AND LIABILITIES		3,741,141	3,525,764

REPORT ON CHANGES IN EQUITY - PARENT COMPANY

Amounts in kSEK	Share capital	Statutory reserve	Unrestricted equity	Total
Balance per January 1, 2018	1,000	200	310,232	311,432
Profit for the year			40,296	40,296
Balance at 2018-12-31	1,000	200	350,528	351,728
Profit for the year			63,297	63,297
Balance at 2019-12-31	1,000	200	413,825	415,025

CASH FLOW STATEMENT - PARENT COMPANY

Amounts in kSEK	Note	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Operating activities			
Profit after financial items		-36,718	-45,870
Non-cash items	17	4,753	4,526
Income tax paid		-10,604	-9,183
Cash flow from operating activities before changes in working capital		-42,569	-50,527
<i>Cash flow from changes in working capital</i>			
Increase(-)/Decrease(+) in operating receivables		-8,913	1,790
Increase(+)/Decrease(-) in operating liabilities		-203	5,637
Cash flow from operating activities		-51,685	-43,100
Investing activities			
Shareholder's contribution paid		-50,000	0
Acquisition of subsidiaries		-304	-12,150
Acquisition of tangible fixed assets		-457	-3,565
Sale of tangible assets		0	6,543
Change in intercompany transactions		173,560	-939,570
Cash flow from investing activities		122,799	-948,742
Financing activities			
Borrowings		0	200,882
Repayment of debt		-44,900	0
Change in overdraft facilities		-26,204	786,985
Cash flow from financing activities		-71,104	987,867
Cash flow for the year		10	-3,975
Cash and cash equivalents at the beginning of the year		255	4,230
Cash and cash equivalents at the end of the year		265	255

NOTES

Amounts in kSEK unless stated otherwise.

NOTE 1 NET SALES

Net sales mainly relates to charging of group-wide services.

NOTE 2 REMUNERATION TO AUDITORS

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
<i>PwC AB</i>		
Audit assignment	1,388	1,527
Audit activities in addition to the audit assignment	0	80
Tax consulting services	143	0
Other assignments	0	35
Total	1,531	1,642

The audit assignment involves examination of the Annual Report and financial statements as well as the administration by the Board of Directors and the CEO. Other activities of the auditor include advice

as a result of observations made during the audit, and advice in other contexts. All other items are classified as Other assignments.

NOTE 3 OPERATIONAL LEASING

Operating leases for the year amounted to 6 069 (6 026).

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Future minimum lease payments at the closing date amounted to:		
Within one year	5,759	5,711
Between one and five years	21,248	20,804
After five years	25,303	24,740
	52,310	51,255

NOTE 4 EMPLOYEES AND EMPLOYEES BENEFIT EXPENSES

Average number of employees	1/1/2019- 12/31/2019		1/1/2018- 12/31/2018	
		Of which men		Of which men
Sweden	93	36	77	26
Total	93	36	77	26

The Board of Directors consists of 5 (5) persons, of which all men. Other senior executives amount to 2 (3) persons, of which 1 (1) woman.

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Salaries, other remuneration and social security costs		
Board of Directors, CEO and other senior executives	4,081	4,266
(of which bonuses)	(1,715)	(1,552)
Other employees	43,451	36,381
Total Salaries and other remuneration	47,532	40,647
Social security costs	16,722	14,434
Pension costs	5,884	5,469
	70,138	60,550

The CEO of the parent company, Anders Hedin and the board member Hampus Hedin are employed in Anders Hedin Invest AB. Last year, Hampus Hedin was employed by I.A. Hedin Bil AB for part of the year, with a salary of kSEK 799 and in addition there was a car allowance

corresponding to kSEK 46 and pension payments of kSEK 142. Board members do not receive a director's fee. One board member submits invoices for services rendered.

NOTE 5 INTEREST INCOME AND SIMILAR INCOME

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Interest income, external	255	7
Interest income, group companies	42,854	37,055
Exchange rate differences	19,206	-3,499
Total	62,315	33,563

NOTE 6 INTEREST EXPENSES AND SIMILAR CHARGES

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Interest expenses, external	-72,973	-62,021
Interest expenses, group companies	-5,088	0
Exchange rate differences	-3,582	5,088
Total	-81,643	-56,933

NOTE 7 APPROPRIATIONS

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
Group contribution received	125,000	116,018
Provision to tax allocation reserve	-9,200	-17,200
Difference between fiscal and reported depreciation on fixed assets	1,548	-1,235
Total	117,348	97,583

NOTE 8 TAX ON PROFIT FOR THE YEAR

	1/1/2019- 12/31/2019	1/1/2018- 12/31/2018
<i>Current tax</i>		
Current tax on profit for the year	-17,377	-11,417
	-17,377	-11,417
<i>Deferred tax</i>		
Deferred tax	44	0
Total	-17,333	-11,417
<i>Reconciliation of effective tax rate;</i>		
Profit before tax	80,630	51,713
Tax according to the applicable tax rate for the parent company (21,4% / 22%)	-17,255	-11,377
Non-deductible costs	-40	-26
Standard tax rate on allocation reserves	-38	-14
	-17,333	-11,417

NOTE 9 EQUIPMENT, TOOLS AND INSTALLATIONS

	Costs incurred on another's property	Equipment, tools and installations	Total
<i>Acquisition costs</i>			
Opening balance 01/01/2018	184	20,251	20,435
Purchase	1,593	1,972	3,565
Sales/disposals		-8,531	-8,531
<i>Closing balance December 31, 2018</i>	1,777	13,692	15,469
Purchase	124	333	457
<i>Closing balance 12/31/2019</i>	1,901	14,025	15,926
<i>Accumulated depreciation</i>			
Opening balance	-9	-8,420	-8,429
Depreciation for the year	-205	-3,113	-3,318
Sales/disposals	0	3,180	3,180
<i>Closing balance 12/31/2018</i>	-214	-8,353	-8,567
Depreciation for the year	-300	-2,053	-2,353
<i>Closing balance 12/31/2019</i>	-514	-10,406	-10,920
Carrying amount 12/31/2018	1,563	5,339	6,902
Carrying amount 12/31/2019	1,387	3,619	5,006

NOTE 10 SHARES IN GROUP COMPANIES

	12/31/2019	12/31/2018
Accumulated acquisition cost:		
At the beginning of the year	1,429,586	1,417,436
Purchase	304	12,150
Shareholder contributions	50,000	0
Carrying amount	1,479,890	1,429,586

Specification of the parent company's participations in Group companies

The ownership share of the capital also corresponds to the percentage of votes for the total number of shares.

Company/ Corp. ID No./ Domicile	in%	Carrying value
- Hedin Göteborg Bil AB, 556061-3456, Mölndal	100	1,000
- Hedin Helsingborg Bil AB, 556134-5710, Mölndal	100	120
- Hedin Stockholm Bil AB, 556944-7492, Mölndal	100	92,777
- Hedin Örebro Bil AB, 556041-2180, Mölndal	100	28,067
- Hedin Mölndal Bil AB, 556281-3617, Mölndal	100	57,336
- Hedin Performance Cars AB, 556604-9234, Mölndal	100	147,500
- Car Store Sweden AB, 556835-7585, Mölndal	100	313
- Hedin Belgien Bil AB, 559074-6466, Mölndal	100	50
- KC Motors AB, 556983-5423, Täby	100	2,407
- Hedin Automotive AS, 989 690 728, Stavanger, Norge	100	1,149,784
- Other shares in group companies		536
Total		1,479,890

Current receivables from Group companies refer to receivables from subsidiaries.

NOTE 11 PREPAID EXPENSES AND ACCRUED INCOME

	12/31/2019	12/31/2018
Prepaid rent	1,518	1,539
Accrued income	305	0
Prepaid rent	2,747	1,292
	4,570	2,831

NOTE 12 UNTAXED RESERVES

	12/31/2019	12/31/2018
Tax allocation reserve, assessment year 2016	5,600	5,600
Tax allocation reserve, assessment year 2017	11,700	11,700
Tax allocation reserve, assessment year 2018	17,200	17,200
Tax allocation reserve, assessment year 2019	9,200	0
Accumulated difference between tax depreciation and depreciation according to the plan	956	2,503
	44,656	37,003

NOTE 13 FINANCIAL DEBT

	12/31/2019	12/31/2018
Non-current borrowings		
Bond loans	1,493,400	1,491,000
Subordinated loan from Parent Company	350,000	350,000
	1,843,400	1,841,000
Current borrowings		
Overdraft facilities	1,023,408	1,049,612
	1,023,408	1,049,612

A bond loan has been issued to finance the business acquisitions. The loan runs for a period of 5 years at floating rate, and is listed on Nasdaq Stockholm. The lenders have made certain requirements regarding interest-bearing liabilities in relation to EBITDA, interest coverage and restrictions related to admission of new loans.

The parent company Anders Hedin Invest AB has submitted a loan of kSEK 350,000. The loan runs without interest and is subordinated to other liabilities. The loan matures on 12/31/2022.

The Group has an overdraft facility of kSEK 1,225,000 (kSEK 1,205,000), which is renegotiated on an annual basis.

The fair value of the borrowing corresponds to the carrying amount, since the discount effect is not significant. The total borrowings run at variable margins of approx. 1.2 - 3.8%.

NOTE 14 ACCRUED EXPENSES AND PREPAID INCOME

	12/31/2019	12/31/2018
Personnel costs	9,760	8,580
Accrued interest expenses	12,568	11,569
Other	3,945	3,336
	26,273	23,485

NOTE 15 PLEDGED ASSETS

	12/31/2019	12/31/2018
Shares in subsidiaries	50	50
	50	50

NOTE 16 CONTINGENT LIABILITIES

	12/31/2019	12/31/2018
Guarantee for subsidiaries	112,000	116,000
	112,000	116,000

NOTE 17 CASH FLOW

<i>Non-cash items</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
Depreciation	2,353	3,318
Gains/losses in sales of fixed assets	0	-1,192
Other non-cash items	2,400	2,400
	4,753	4,526

<i>Interest payments</i>	<i>12/31/2019</i>	<i>12/31/2018</i>
Paid interests	-81,643	-56,933
Received interests	62,315	33,563

NOTE 18 GROUP INFORMATION

Of the Parent Company's total purchases and sales measured in SEK are 32% (23%) of the purchases and 100% (100%) of the sales attributable to intra-group transactions.

SIGNATURES

The Board of Directors and the CEO certify that the annual report has been prepared in accordance with generally accepted accounting principles and that the consolidated accounts have been prepared in accordance with the international set of 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

Mölnadal 04/21/2020

Jan Litborn
Chairman of the Board

Anders Hedin
CEO/Board member

Hampus Hedin
Board member

Erik Selin
Board member

Hans Börsvik
Board member

NOTE 19 PROPOSED DISTRIBUTION OF UNAPPROPRIATED EARNINGS

The Board of Directors proposes that unappropriated earnings of kSEK 413 825 be distributed as follows

	<i>Amount in thousand SEK (kSEK)</i>
Carried forward	413,825
Total	413,825

standards. The annual report and consolidated accounts give a true and fair view of the position and profit or loss of the Company and the Group, and that the director's report for the Company and for the Group gives a fair review of the development and performance of the business, position and profit or loss of the Company and the Group, and describes the principal risks and uncertainties that the Company and the companies in the Group face.

Our audit report has been submitted 23rd of April, 2020

PricewaterhouseCoopers AB

Bo Karlsson
Authorized accountant

AUDITOR'S REPORT

Unofficial translation

To the general meeting of the shareholders of I.A. Hedin Bil Aktiebolag (publ), corporate identity number 556065-4070

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of I.A. Hedin Bil Aktiebolag (publ) for the year 2019 except for the corporate governance statement on page 46. The annual accounts and consolidated accounts of the company are included on pages 45-80 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 2019 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 2019 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 page 46. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis 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.

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 as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matter

How our audit addressed the Key audit matter

Valuation of inventories

The Group's inventory amounts to SEK 3 089 million as of 31 December 2019, which is a significant item in the balance sheet. If the net selling price is lower than the acquisition value, an obsolescence allowance for stock obsolescence is recorded. The obsolescence allowance is based on an individual assessment of the vehicle inventory and for the spare part inventory it is based on an age analysis.

Please see note 1 and note 3 in the annual report for more information regarding inventory.

In our audit we have assessed the Group's routines and controls regarding the valuation of the inventories. We have also analyzed the outcome of age analysis and individual valuation of vehicle inventories and compared the value towards external transactions.

Valuation of Goodwill and customer relations

The Group acquired new companies during the year, which has contributed to the increase of intangible assets in the form of customer relations and goodwill, to a book value of SEK 439 and SEK 1 421 million, respectively. The valuation of these is based on estimates and assessments of future cash flows.

The Group examines at least annually if any impairment loss exists for goodwill. For customer relations amortizations are made and in cases of any indication of impairment a test is performed.

See note 1, note 3 and note 13 in the annual report for information regarding goodwill, intangible assets and impairment test of non-financial assets

For the impairment test based on the calculation of value in use, our audit procedures include the following elements:

- An assessment of the mathematical correctness of the cash flow calculation and a reconciliation of the cash flow forecasts against the assumed budget and business plan.
- Assessment that the company's valuation model is consistent with established valuation techniques.
- An estimation of the assumptions with the greatest impact on impairment tests.
- For intangible assets that are subject to amortization we have evaluated whether an indication of impairment testing has existed.

Revenue recognition

Net sales for the Group amounted to SEK 22 301 million. Net sales refer primarily to sales of vehicles and the aftermarket service. The company has to take a position on various variables in the income recognition regarding sales of vehicles and the aftermarket in order to report revenue in connection with the control being transferred to the customer, which can be done on delivery or over the contract period. Please see note 1, note 3 and note 4 in the annual report for information regarding revenue recognition and net sales.

In our audit we have for a selection of transactions assessed if the timing of the income recognition is correct.

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 1-50. 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 responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

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 responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of I.A. Hedin Bil Aktiefbolag (publ) for the year 2019 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 Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- Has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- In any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on page 56 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 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.

PricewaterhouseCoopers AB, 405 32 Gothenburg,, was appointed auditor of I.A. Hedin Bil Aktiebolag (publ) by the general meeting of the shareholders on April 12, 2019 and has been the company's auditor since June 6th 2010. IA Hedin Bil AB (publ) became a company of general interest in 2017.

Gothenburg, April 23, 2020
PricewaterhouseCoopers AB

Bo Karlsson
Authorized Public Accountant

JAN LITBORN

Born: 1951

Chairman of the Board since: 2017

Education: LL. B. (lawyer) at Stockholm University,
Stockholm School of Economics (no degree)

ANDERS HEDIN

Born: 1962

Board member since: 1985

Education: High school - Economics

HAMPUS HEDIN

Born: 1990

Board member since: 2012

Education: High school - Economics (no degree)

HANS BÖRSVIK

Born: 1953

Board member since: 2017

Education: Master of Science in Business and Economics,
University of Gothenburg,
Legal studies, University of Lund

ERIK SELIN

Born: 1967

Board member since: 2017

Education: High school - Economics

GROUP MANAGEMENT

Anders Hedin, President and CEO

Tomas Ernberg, COO

Jörgen Loikas, Vice President

Per Mårtensson, CFO

Charlotte Martinsson, HR Manager

Johanna Eklund, Financial Manager

BOARD OF DIRECTORS AND GROUP MANAGEMENT

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 **Hedin Bil**

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