

Mekonomen Group

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Update on data breach and COVID 19 impact on Mekonomen Group

As previously communicated, Mekonomen Group's business area MECA/Mekonomen has been exposed to a data breach. Mekonomen Group has also disclosed that there is a significant risk of financial impact due to the corona virus (COVID 19). The company hereby issues the following update:

On March 28, 2020 the company became aware of data breaches within Mekonomen Group's business area MECA/Mekonomen. The breach has caused extensive disruptions to the IT systems within the MECA/Mekonomen business area in Sweden and Norway, which is one of four business areas within Mekonomen Group. The company believes it has adequate back-ups of these systems and is implementing its disaster recovery plan. The company also believes that their cyber insurance will limit financial damage due to lost revenue and additional costs incurred. The operations in the MECA/Mekonomen business area with wholesale operations, branches and workshops in Sweden and Norway have, under the circumstances, worked well with focus on minimizing the impact for the customers.

As a result of the COVID 19 pandemic and the impact of the data breaches, it is very difficult to forecast the performance of the company, but we anticipate a material negative impact in the trading environment for the rest of the year. While the company believes that at this time it has adequate liquidity, as a result of the fast-changing environment, the company has been evaluating its liquidity and bank covenants.

The company believes it was in full compliance with its bank covenants as of 31 March 2020; however, out of an abundance of caution it pro-actively began discussions with its banking group. As a result of those discussions the banking group has agreed to raise the bank leverage covenant as of 31 March and postpone the company's planned amortization payment of Euro 5 million due 31 March 2020.

In addition, the company is in further discussions with its banking group regarding additional covenant relief or amendments for the future as well as potentially further postponing amortization payments and expanding its borrowing capacity. A breach of the covenants, if not waived by the banking group, could mean that the company may no longer utilize its credit facilities and could lead to an acceleration of the repayment dates of certain of its borrowings leading to a liquidity shortage.

For further information, please contact:

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Mekonomen Group consists of the leading automotive spare-parts chains in the northern Europe; FTZ, Inter-Team, MECA, Mekonomen and Sørensen og Balchen, with proprietary wholesale operations, over 460 stores and 3,400 workshops operating under the Group brands. We offer a wide and easily accessible range of inexpensive and innovative solutions and products for consumers and companies.

This information is such information that Mekonomen AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation.

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