

autocirc

INTERIM REPORT

2022 – Q3



Events in the third quarter of 2022

In early July, the acquisition of Norwegian vehicle dismantling company Trøndelag Bildeler AS was acquired. Together with previous acquired companies, we have now established a good coverage in Norway.

Another acquisition in the remanufacture segment was made in early July, through acquisition of RE-PART Sp. Z o.o. The company is located in Poland and was the first purely Polish acquisition.

In August, the vehicle dismantling company Växjö Bildemontering AB was acquired, complementing the dismantler segment with a strategic geographical position in mid-southern Sweden.

Events after the third quarter of 2022

In early October, the acquisition of Swedish vehicle dismantling company Autodemontering TT AB, Sjöbo and workshop company Mickes Lackservice AB was also completed. At the end of October, we also entered the German market with the acquisition of the dismantler Autoverwertung Kerstinjöhänner GmbH

After the third quarter, our vision of the battery disposal of the future also became a reality when we founded the business Autocirc Battery Recycling OY, which will create the conditions for a more circular disposal of used batteries and at the same time be a good complement to the planned solar cell park.



COMMENTS FROM OUR CEO

Still full speed ahead

During the summer, two important acquisitions were carried out, partly by further increasing our presence in Norway and supplementing our remanufacturing segment by acquiring a Polish company named RE-PART Sp. Z o. o. After the summer, we had the pleasure of welcoming Våxjö Bildemontering AB to the Group. With these additional acquisitions in the Group, as well as our future plans, we are creating an end-to-end organisation with a great platform to develop our circular business model.

Financial performance

During Q3 we have seen a continuously strong revenue development mainly driven by strong sales of reused parts. This was a continuation of the trend from Q2. In Q3 the group had a proforma LTM Gross Margin of 61,4% and an adjusted EBITDA margin of 17,7%.

In the third quarter we have continued the development of the group in terms of our organisational journey. We are currently building our group-wide organisation, which has been supplemented with central functions at the head office and building the structure of country managements. Building an organisation

is associated with additional costs and specific start-up costs which in a short-term perspective has a negative impact on the EBITDA margin. We however see it as an investment where we strengthen our organisation to support our future growth. During YTD September we have recognised one off costs of total 23 MSEK where 9 were recognised in Q3 mainly relating to building a stable foundation with support functions and developing our country organisations, we create the conditions needed to support our companies in their development and to work with our circular group projects moving forward.

Furthermore, we have a few companies within the group that are currently undergoing reorganisation and development as planned. This is an important investment for the future and although it had a negative impact on the margin during Q3 which we expect to continue also in Q4, we will have the positive impact in 2023. As for our company UBD Cleantech, they are currently changing and developing their filter renovation process. UBD is preparing for higher volumes together with their new process where we will see a positive effect already in Q1 2023. During Q3 and Q4 2022 the company is



however fully focused on developing the new production line and training of the staff. We see a very high potential in this facility going forward and that this investment will lead to a strong organic growth.

Our growth today is based on acquisitions as well as organic growth. While the focus has been on acquisitions during the build-up face of the Group, we are now increasing the focus on building organic growth and utilize the synergies we have within the group.



Risk and risk management

We are living in turbulent times and our business as well as others are of course impacted in different ways. The long lead times in deliveries of new cars has a positive impact on our business where we see that cars are kept alive longer and therefore also consuming more spare parts. In Autocirc we are committed to do our best to fill this demand with sustainable reused parts as much as possible.

Our business is in general not a heavy energy consumer. Although we are not unaffected by increased energy prices,

we are fortunately not heavily impacted. Cost for heating our facilities is for sure expected to increase during the winter but without having negative impact on our business as such.

Regarding raw materials we see that after months of unusual high material prices for scrap and metal, that the price levels are dropping slightly. In connection with our global monitoring, we see that the prices during Q3 are more stable and back to where it was before the peak. However, the price per ton for metal scrap is still relatively high compared to historical levels, but not up to the

extremes that we saw in Q1 2022. Scrap metal is a residual product for our group and not a strategic part of our revenues. It represents around 8-12% of the revenues from our dismantlers.

ESG achievements

During the third quarter, we have successfully installed a water treatment plant at Jämtlands Bildemontering AB which ensures that the process water that is released after use is of good quality and does not risk affect people and the environment.

We have also decided to invest together with the Finnish electricity company Esse Elektro-Kraft OY and with the support of Pedersöre municipality in a solar park in close connection to our facility Erikssons Verkstad OY in Finland. The solar park will have a nominal output of 1 MW, which will lead to most of our Finnish companies being self-sufficient in green electricity.

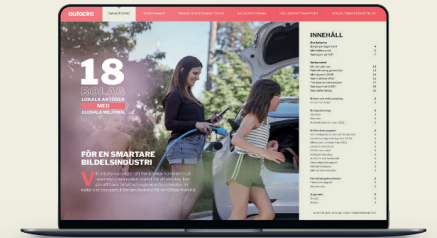
After the third quarter, our vision of the battery disposal of the future also became a reality when we founded the business Autocirc Battery Recycling OY, which will create the conditions for a more circular disposal of used batteries and at the same time be a good complement to the planned solar cell park.

Looking ahead

Although the global operating environment remains turbulent, our organisation

has achieved great results, thanks to our amazing colleagues, who now number over 570.

Now it is high time for us to put our further plans into action, with the hope of applying our business model to the international market. Our mission is to build the aftermarket company of the future, with full focus on reuse. We are taking a long-term approach and are constantly developing and improving our team and our offering. Now it's on to the next stage!



CLICK HERE TO READ OUR ANNUAL REPORT!

Johan Livered
CEO of Autocirc
Borås, November 2022



June – Sep Net sales for the Group amounted to SEK 265 million (117), an increase of 126% compared to the corresponding period last year. Acquired sales have contributed with SEK 109 million on net sales and organic sales has increased by 27%. The Group's earnings before depreciation and amortisation amounted to SEK 33 million, equating to an EBITDA margin of 12.4% (10,2). The quarterly earnings before depreciation have continued to be affected by a higher cost structure through acquisitions and increased volumes as well as one-off costs. Non-recurring items that burdened the quarterly profit mainly relating to building up the organisation. After adjustment of non-recurring items the underlying earnings before depreciation and amortisation amounted to SEK 46 million, which resulted in an underlying adjusted EBITDA margin of 17.3% (13,2).

Jan – Sep Net sales for the Group amounted to SEK 763 million (286), an increase of 167% compared to the corresponding period last year. Acquired sales have contributed with SEK 368 million on net sales and organic sales has increased by 23%. The Group's earnings before depreciation and amortisation amounted to SEK 91 million, equating to an EBITDA margin of 12.0% (10,8). The earnings before depreciation have been affected by a higher cost structure through acquisitions and increased volumes as well as one-off costs. Non-recurring items that burdened the quarterly profit mainly relating to building up the organisation. After adjustment of non-recurring items the underlying earnings before depreciation and amortisation amounted to SEK 134 million, which resulted in an underlying adjusted EBITDA margin margin of 17.6% (14,9).

PF LTM Net sales for the Group amounted to SEK 1 204 million. Acquired sales have contributed with SEK 492 million. The Group's earnings before depreciation and amortisation amounted to SEK 170 million, equating to an EBITDA margin of 14.1%. The earnings before depreciation have been affected by a higher cost structure through acquisitions and increased volumes as well as one-off costs. Non-recurring items that burdened the quarterly profit mainly relating to acquisitions and building up the organisation. After adjustment of non-recurring items the underlying earnings before depreciation and amortisation amounted to SEK 213 million, which resulted in an underlying EBITDA margin of 17.7% .

Financial Summary	Q3			Q1-3			Full-year	
	SEKm	2022	2021	Δ%	2022	2021	Δ%	PF LTM 1)
Net Sales	265	117	126%	763	286	167%	1 204	452
Organic growth	39	-	-	109	-	-	108	112
Acquisitions	109	-	-	368	-	-	492	286
Gross Profit	166	73	127%	459	169	171%	739	247
EBITDA	33	12	176%	91	31	197%	170	49
EBITDA-margin, %	12,4%	10,2%	-	12,0%	10,8%	-	14,1%	10,9%
Adjusted EBITDA ¹⁾	46	15	196%	126	42	200%	213	69
Adj. EBITDA-margin, % ¹⁾	17,1%	13,0%	-	16,5%	14,7%	-	17,7%	15,4%
EBITA	12	13	-3%	56	27	104%	112	28
EBITA-margin, %	4,7%	10,9%	-	7,3%	9,5%	-	9,3%	6,2%
Adjusted EBITA ¹⁾	25	16	53%	90	39	134%	155	48
Adj. EBITA-margin, % ¹⁾	9,3%	13,7%	-	11,8%	13,5%	-	12,9%	10,7%
Cash flow from operating activities	11	45	-76%	17	61	-72%	133	78
Adjusted Cash flow from operating activities	61	68	-9%	122	104	17%	176	126
Cash conversion ¹⁾	136%	445%	-	97%	248%	-	83%	181%
Net Debt/ Adj. EBITDA ¹⁾	4,5x	-	-	4,5x	-	-	4,5x	-

1) These are alternative performance measures. Refer to Note 18, Alternative performance measures, for reconciliation and page 29 for definitions.

Financial position

Autocirc Group AB placed a bond in the market during Q2 2022. The total aggregated nominal amount of the Initial Bond is SEK 1 billion with the possibility of issuing additional Bonds up to the maximum aggregated amount of SEK 1,5 SEK billion. The bond is listed on the corporate bond list of Frankfurt Open Market. The term of the bond is three years with an interest rate of 3-months STIBOR + 875 basis point. All conditions in the form of covenants are fulfilled as per 22-09-30.

Complete Terms and Conditions can be found on our homepage: <http://autocirc.com/wp-content/uploads/2022/07/Project-Circularity-Terms-and-Conditions.pdf>

In addition, Autocirc AB have a super senior revolving credit facility which at the end of Q3 was 165 MSEK where nothing was utilized.

Income statements

CONSOLIDATED STATEMENTS

kSEK	Note	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
<i>Operating income etc.</i>						
Revenue	6	257 059	115 897	745 420	267 664	432 677
Work performed by the group for its own use and capitalized		-71	97	-48	97	-
Other operating income		8 042	1 192	17 712	18 226	19 264
Total operating income etc.		265 030	117 186	763 084	285 987	451 940
<i>Operating expenses</i>						
Raw materials and consumables/Cost of material		-99 291	-44 326	-304 341	-116 750	-204 630
Other external expenses		-54 896	-15 430	-159 209	-56 551	-89 296
Employee benefit expenses		-76 657	-45 437	-204 839	-81 665	-104 426
Depreciation, amortisation and impairment of tangible and intangible fixed assets		-20 918	835	-37 157	-3 557	-22 452
Other operating expenses		-1 248	-58	-3 359	-221	-4 273
Total operating expenses		-253 010	-104 416	-708 905	-258 744	-425 077
Operating profit		12 020	12 770	54 179	27 243	26 863
<i>Gain (loss) from financial items:</i>						
Finance costs	7	-2 185	608	-1 995	746	61
Finance income	8	-31 929	-6 585	-59 464	-14 169	-15 689
Profit after financial items		-22 094	6 793	-7 280	13 820	11 235
Tax expense		-3 131	-3 232	-46 940	-6 624	-12 953
Profit of the year from continuing operations		-25 225	3 561	-54 220	7 196	-1 718
Earnings for the interim period/year		-25 225	3 562	-54 220	7 196	-1 718

Income statements, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Other comprehensive income						
Profit for the year		-25 225	3 562	-54 220	7 196	-1 718
Exchange differences on translating foreign operations		6 374	-2 428	6 765	-4 750	4 513
Other comprehensive income for the interim period/year, net of tax		6 374	-2 428	6 765	-4 750	4 513
Total comprehensive income for the interim period/year		-18 851	1 134	-47 455	2 446	2 795
Earning for the interim period/year attributable to:						
Owners of the parent		-25 340	3 482	-54 327	7 077	-1 819
Non-controlling interest		115	80	107	119	101
		-25 225	3 562	-54 220	7 196	-1 718
Total comprehensive income for the interim period/year attributable to:						
Owners of the parent		-18 966	1 054	-47 562	2 327	2 694
Non-controlling interest		115	80	107	119	101
		-18 851	1 134	-47 455	2 446	2 795

Balance sheets

CONSOLIDATED STATEMENTS

kSEK	Note	2022-09-30	2021-09-30	2021-12-31
ASSETS				
Fixed assets				
Intangible fixed assets				
Capitalised expenditure for development and similar work		-	2 662	-
Trademarks		444	273	428
Rights to tenancy and similar rights		765	-	-
Goodwill	11	1 136 737	474 460	478 186
Total intangible fixed assets		1 137 946	477 395	478 613
Tangible fixed assets				
Land and buildings		56 089	42 223	3 747
Right of use assets	12	389 711	153 883	196 416
Plant and machinery		39 690	21 518	12 437
Constructions in progress		1 570	-	-
Equipment, tools, fixtures and fittings		34 922	18 364	17 419
Total tangible fixed assets		521 982	235 988	230 019
Financial fixed assets				
Other long-term securities		1 640	904	821
Deferred tax assets		2 792	-	220
Other long-term receivables		4 801	195	512
Total financial fixed assets		9 233	1 099	1 553
Total fixed assets		1 669 161	714 482	710 186

kSEK	Note	2022-09-30	2021-09-30	2021-12-31
ASSETS, cont.				
Current assets				
Inventories etc.				
Finished products and goods for resale		141 528	89 875	102 841
Total inventories etc		141 528	89 875	102 841
Current receivables				
Trade and other receivables		89 839	30 343	50 821
Current tax receivable		223	2 104	-
Contract and other receivables		14 272	18 312	6 119
Prepaid expenses and accrued income		18 366	4 558	9 435
Total current receivables		122 700	55 317	66 375
Cash and cash equivalents		420 563	114 303	89 346
Total current assets		684 791	259 495	258 562
TOTAL ASSETS		2 353 952	973 977	968 748

Balance sheets, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-09-30	2021-09-30	2021-12-31
EQUITY				
Share capital		516	103	516
Other contributed capital		51 175	53 147	51 175
Reserves		9 990	-6 039	3 225
Earnings brought forward		333 758	134 663	141 020
Earnings for the interim period/year		-54 220	7 196	-1 718
Equity attributable to owners of the parent company		341 219	189 070	194 218
Non-controlling interest		1 169	1 125	886
Total equity		342 388	190 195	195 104
Provisions				
Other provisions		320	-	-
Total provisions		320		
LIABILITIES				
Non-current liabilities				
Pensions and other employee obligations		246	-	246
Bond loans	13, 16	965 700		-
Liabilities to credit institutions		24 587	318 611	249 584
Lease liabilities		369 098	138 963	176 772
Deferred tax liabilities		9 748	4 999	3 505
Other liabilities	16	274 604	167 883	137 230
Total long-term liabilities/Total non-current liabilities		1 643 983	630 456	567 337

kSEK	Note	2022-09-30	2021-09-30	2021-12-31
LIABILITIES				
Current liabilities				
Bank overdraft facilities		109 880	53 317	51 696
Liabilities to credit institutions		833	270	20 637
Lease liabilities		31 539	12 896	18 828
Advance payments from customers		4 899	7	2 285
Trade and other payables		55 767	44 703	30 982
Current tax liabilities		47 993	-	9 087
Contract and other liabilities	16	72 101	22 576	34 812
Accrued expenses and deferred income		44 249	19 557	37 980
Total current liabilities		367 261	153 326	206 307
Total liabilities		2 011 564	783 782	773 644
Total equity and liabilities		2 353 952	973 977	968 748

Consolidated statement of changes in equity

CONSOLIDATED STATEMENTS

kSEK	Note	Share capital	Other components of equity	Reserves	Retained earnings	Total attributable to owners of parent	Non-controlling interest	Total equity
Opening balance 2021-01-01		103	53 147	-1 289	-2 765	49 196	784	49 980
Shareholders' contribution					137 428	137 428		137 428
Transactions with owners		-	-	-	137 428	137 428	-	137 428
Profit/loss for the period					7 196	7 196	118	7 314
Other comprehensive profit/loss for the period				-4 750		-4 750	223	-4 527
Total comprehensive income/(loss) for the period			-4 750	7 196	2 446	341	2 787	2 787
Balance at 2021-09-30		103	53 147	-6 039	141 859	189 070	1 125	190 195
Shareholders' contribution					4 900	4 900		4 900
Bonus issue		413	-1 972		1 559	-		-
Transactions with owners		413	-1 972	-	6 459	-	-	4 900
Profit/loss for the period					-9 016	-9 016	-17	-9 033
Other comprehensive profit/loss for the period				9 264		9 264	-222	-222
Total comprehensive income/(loss) for the period		-	-	9 264	-9 016	248	-239	-9 255
Balance at 2021-12-31		516	51 175	3 225	139 302	194 218	886	195 104
Opening balance at 2022-01-01		516	51 175	3 225	139 302	194 218	886	195 104
Shareholders' contribution					194 563	194 563		194 563
Transactions with owners		-	-	-	194 563	194 563	-	194 563
Profit/loss for the period					-54 327	-54 327	107	-54 220
Other comprehensive profit/loss for the period				6 765			176	6 941
Total comprehensive income/(loss) for the period		-	-	6 765	-54 327	-47 562	283	-47 279
Balance at 2022-09-30		516	51 175	9 990	279 538	341 219	1 169	342 388

Cash flow statements

CONSOLIDATED STATEMENTS

kSEK	Note	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Operating activities						
Operating profit		-22 094	6 792	-7 279	13 820	11 234
Non-cash adjustment		25 335	-1 435	44 417	-6 344	12 078
Income tax paid		-8 918	-13 209	-16 701	-8 499	-1 313
Cash flow after financial items before changes in working capital		-5 678	-7 852	20 437	-1 023	21 999
<i>Changes in working capital:</i>						
Change in inventories		-2 360	601	-7 647	-2 121	-15 087
Change in trade and other receivables		36 043	4 120	20 329	2 546	-10 616
Change in trade and other payables		-17 458	47 876	-16 217	61 840	81 953
Net cash flow from continuing operations		10 547	44 745	16 902	61 242	78 249
Net cash flow from operating activities		10 547	44 745	16 902	61 242	78 249
Investing activities						
Acquisition of participations in subsidiaries net of cash acquired		-109 698	388	-689 897	-402 082	-393 082
Disposal of participations in subsidiaries net of cash sold		-	4 717	-	27 110	51 693
Acquisition of intangible fixed assets		-	-170	-7 775	-2 813	-7 898
Acquisition of tangible fixed assets		-85 959	-23 893	-104 687	-33 886	-15 422
Disposal of financial assets		-	-	-	301	67
Cash flow from investing activities		-200 910	-18 936	-802 359	-411 370	-364 642

Cash flow statements, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Financing activities						
Shareholders' contribution received		-	41 027	194 563	137 428	142 329
Dividends paid		-	-	-	-805	-
New borrowings and lease liabilities		36 508	-42 284	863 926	309 669	390 262
Repayment of borrowings and lease liabilities		-	-	-	-	-224 677
Change in bank overdraft facilities		13 667	21 819	58 184	1 621	51 308
Cash flow from financing activities		50 175	20 562	1 116 673	447 913	359 221
Cash flow for the period		-140 188	46 371	331 217	97 785	72 828
Cash and cash equivalents at the beginning of the period		560 751	67 932	89 346	16 518	16 518
Cash and cash equivalents for continuing operations		420 563	114 303	420 563	114 303	89 346

Income statements

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
<i>Operating income etc.</i>						
Total operating income etc.		0	0	0	0	0
<i>Operating expenses</i>						
Other external expenses		-6 105	-	-6 133	-2	-2
Total operating expenses		-6 105	0	-6 133	-2	-2
Operating profit		-6 105	0	-6 133	-2	-2
<i>Gain (loss) from financial items:</i>						
Other interest income and similar items		17 691	-	18 733	-	-
Interest expense and similar items		-27 420	-	-30 283	-	-
Profit after financial items		-15 834	0	-17 683	-2	-2
Profit/loss and total comprehensive income for the interim period/year		-15 834	0	-17 683	-2	-2

Balance sheets

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-09-30	2021-09-30	2021-12-31
ASSETS				
FIXED ASSETS/NON-CURRENT ASSETS				
Financial fixed assets/ Financial non-current assets				
Participations in group companies	17	401 392	240 629	245 529
Receivables from group companies		795 576	-	-
Total financial fixed assets/ Financial non-current assets		1 196 968	240 629	245 529
Total fixed assets/ Total non-current assets		1 196 968	240 629	245 529
CURRENT ASSETS				
Current receivables				
Receivables from group companies		3 491	23	25
Total current receivables		3 491	23	25
Cash and bank		152 443	-	-
Total current assets		155 934	23	25
TOTAL ASSETS		1 352 902	240 652	245 554

kSEK	Note	2022-09-30	2021-09-30	2021-12-31
EQUITY AND LIABILITIES				
Equity				
<i>Restricted equity</i>				
Share capital		516	50	516
Total restricted equity		516	50	516
<i>Non-restricted equity</i>				
Share premium		51 175	51 175	51 175
Profit (loss) brought forward		349 923	189 429	193 862
Profit (loss) for the year		-17 683	-2	-2
Total non-restricted equity		383 415	240 602	245 035
Total equity		383 931	240 652	245 551
Non-current liabilities				
Bond loans	12	965 700	-	-
Total long-term liabilities/Total non-current liabilities		965 700	0	0
Current liabilities				
Liabilities to group companies		-	-	2
Accrued expenses and deferred income		3 271	-	-
Total current liabilities		3 271	0	2
Total liabilities		968 971	0	2
TOTAL EQUITY AND LIABILITIES		1 352 902	240 652	245 554

Statement of changes in equity

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	Share capital	Other components of equity	Accumulated profit or loss	Net profit/loss for the period	Total equity
Balance at 2021-01-01		50	51 175	52 000		103 225
Shareholders' contribution				137 429		137 429
Profit/loss for the period					-2	-2
Balance at 2021-09-30		50	51 175	189 429	-2	240 652
Opening balance 2022-01-01		516	51 175	193 862	-2	245 551
Diversations				-2	2	-
Shareholders' contribution				156 063		156 063
Transactions with owners		-	-	156 063	-	156 063
Profit/loss for the period					-17 683	-17 683
Balance at 2022-09-30		516	51 175	349 923	-17 683	383 931

Cash flow statements

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Operating activities						
Operating profit		-15 834	-	-17 683	-2	-2
Non-cash adjustment		-610	-	-	-	-
Cash flow after financial items before changes in working capital		-16 444	0	-17 683	-2	-2
<i>Changes in working capital:</i>						
Change in trade and other receivables		-2 424	-	-3 466	-4 900	-
Change in trade and other payables		1 020	-	3 268	2	2
Net cash flow from continuing operations		-17 848	0	-17 881	-4 900	0
Investing activities						
Group loan paid		-94 000	-	-795 576	-	-
Acquisition of participations in subsidiaries net of cash acquired		-	-41 028	-	-137 429	-142 329
Shareholders' contribution paid		-	-16 028	-155 863	-46 029	-
Cash flow from investing activities		-94 000	-57 056	-951 439	-183 458	-142 329
Financing activities						
Shareholders' contribution received		-	41 028	156 063	137 428	142 329
New borrowings		2 450	16 028	965 700	50 929	-
Cash flow from financing activities		2 450	57 056	1 121 763	188 357	142 329
Cash flow for the period		-109 398	0	152 443	0	0
Cash and cash equivalents at the beginning of the period		261 841	-	-	-	-
Cash and cash equivalents for continuing operations		152 443	0	152 443	0	0

Notes to the interim consolidated financial statements

NOTE 1 Nature of operations

The Autocirc Group was formed in 2019 and its main activities is to develop and take advantage of the aftermarket found within the auto parts industry. By gathering individual actors under one roof, a traditionally fragmented industry could be tied together. The group's operations aim to create a cycle where the group reuses and extends the life of used spare parts. In the long term, this means that all parts of the vehicle can be utilized and used for a longer period of time. The principal activities of Autocirc Group AB (publ) and subsidiaries (the Group) include selling of merchandise, service/repair and freight. As the majority relates to merchandise sales, no such division (as required by IFRS 15) has been made.

NOTE 2 General information, basis of preparation and statement of compliance with IFRS

The Interim Financial Statements are for the nine months ended 30 September 2022 and are presented in Swedish krona (SEK), which is the accounting currency of the parent company. They have been prepared in accordance with IAS 34 'Interim Financial Reporting'. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021.

Autocirc Group AB (publ) is a wholly-owned subsidiary of Autocirc Industriutveckling AB, which in turn is owned by Alder II AB. The financial statements for 2021 describes the capital reorganization within the group where Autocirc Group AB (publ) has become the new parent company through a transaction under common control. The consolidated accounts include Autocirc Group AB (publ) and its subsidiaries. It is a limited liability company incorporated and domiciled in Sweden. The address of its registered office and principal place of business is Österlånggatan 69, 503 37 Borås, Sweden. Autocirc Group AB (publ) has a bond issued on the Frankfurt stock exchange.

The Interim Financial Statements were approved for issue by the Board of Directors on 28 november 2022.

NOTE 3 New Standards adopted at 1 January 2022

There are no accounting pronouncements which have become effective from 1 January 2022 that have a significant impact on the Group's interim condensed consolidated financial statements.

NOTE 4 Significant accounting policies

The Interim Financial Statements have been prepared in accordance with the accounting policies adopted in the Group's most recent annual financial statements for the year ended 31 December 2021, with the addition below.

Sale- and leaseback

Revenue recognition principles are applied to determine whether a sale- and leaseback transaction should be recognized as a sale. When the transactions meet criteria to be seen as a sale, the right of use asset arising from the leaseback transaction is valued at the proportion of the previously recognized value that continues to be retained by the group. Thus, only profit or loss relating to the rights transferred to the buyer/lessor is reported. If the transaction does not meet the criteria to be considered a sale, the seller/lessee continues to recognize the transferred asset without recognizing any gain or loss, and recognizes a liability equal to the transfer proceeds. IFRS 9 is applied when reporting the financial liability. The Group has during the year entered into a number of sale and leaseback transactions regarding acquired real estate. Autocirc has in all cases assessed the transaction as not being a sale.

NOTE 5 Estimates and judgements

"When preparing the Interim Financial Statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results."

The judgements and the assessments made in the Interim Financial Statements, including the key sources of estimation uncertainty, are the same as those applied in the Group's previous annual financial statements for the year

ended 31 December 2021, except for the assessed incremental borrowing rate with respect to leased assets including leased assets in sale and lease-back-transactions. The Group's incremental borrowing rate for leased assets has increased from average 2,6% to 6,6% as a result of this assessment.

NOTE 6 Revenue

According to IFRS 15, the note to net sales must contain a breakdown of the distribution between Sales of goods, Service/repair and Freight. As the majority relates to merchandise sales, no such division has been made.

Revenue from external customers broken down by country, based on where the customers are located:

	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Asia	240	157	669	937	1 500
The Nordic countries	209 988	68 375	594 423	164 560	266 031
Europe excl Nordic countries	45 603	44 538	144 246	92 799	150 010
Other countries	1 228	2 827	6 082	9 368	15 135
	257 059	115 897	745 420	267 664	432 676

NOTE 7 Finance income

The balance sheet of the Group contains the following amounts regarding the group's leasing agreement (kSEK)

	Group				
	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Interest income	67	12	96	16	61
Exchange gains	3 057	785	1 001	1 693	-
Exchange losses	-5 309	-189	-3 092	-963	-
Total	-2 185	608	-1 995	746	61
	Parent company				
	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
Interest income from group companies	17 691	-	18 733	-	-
Exchange difference	-	-	-	-	-
Total	17 691	0	18 733	0	0

NOTE 8 Finance costs

	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
	Group				
Interest expenses for leasing arrangements	3 884	828	10 697	1 182	2 450
Interest expenses, bond loans	27 220	0	30 283	0	0
Other interest expenses	825	4 837	9 667	11 694	11 946
Other financial expenses	0	920	8 817	1 293	1 293
Total	31 929	6 585	59 464	14 169	15 689

	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
	Parent company				
Interest expenses, bond loans	27 420	0	30 283	0	0
Total	27 420	0	30 283	0	9

There is no interest to group companies

NOTE 9 Acquisitions

Acquisition of 15 companies

During the period January - September 2022 the group acquired 100% of the equity instruments of 15 companies with businesses in waste management and recycling, thereby obtaining control. The companies are based in Sweden, Norway and Poland. The table below summarizes the purchase price paid for these companies as well as the fair value of acquired assets and assumed liabilities which are reported on the date of acquisition.

Purchase price	2022-09-30
Amount settled in cash	619 008
Promissory note loan	49 886
Fair value of contingent consideration	161 002
Total sum	829 896

Recognized amounts of identifiable net assets	2022-09-30
Cash and cash equivalents	99 457
Total non-current assets	81 999
Total current assets	94 768
Loans	-8 198
Deferred tax liabilities	-10 957
Trade and other payables	-75 872
Identifiable Net Assets	181 197

Goodwill on acquisition	648 699
Consideration transferred settled in cash	619 008
Cash and cash equivalents acquired	-99 457
Net cash outflow on acquisition	519 551
Acquisition costs charged to expenses	11 478
Net payment on acquisition	531 029

Acquisition-related costs

Acquisition-related costs amounting to SEK 11 478 thousand are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses and as well as in the ongoing operations in the cash flow statement.

Goodwill

Goodwill is attributable to large synergy effects, above all in the form of increased market shares, high profitability in acquired businesses, specific skills of the employees in the acquired companies and expected synergy effects on the cost side. No part of reported goodwill is expected to be tax deductible.

The companies contribution to the Group results

The companies incurred a profit (before tax) of SEK 41 813 thousand to the reporting date. Revenue for the months when the companies have been within the group to 30 September 2022 was SEK 228 921 thousand. If the companies had been acquired on 1 Januari 2022, revenue for the Group would have been SEK 859 850 thousand, and profit (before tax) for the year would have increased by SEK 18 940 thousand.

Aquisitions after Q3 2022

After the end of the period the Group has made 3 acquisitions for which the purchase price analysis are not finalized and therefore not presented in this report.

NOTE 10 Segment reporting

The Group management currently identifies the Groups seven business areas Dismantling, Workshop, Towing & Transportation, Core Part, Scrap & metal, Tyres & Rims and Remanufacture as its operating segments. These operating segments are monitored by the Group's executive decision makers and strategic decisions are made based on operating results for the segments.

Each of these business segments is managed separately because each business area requires different technologies and other resources, as well as marketing strategies. These operating segments are monitored, and strategic decisions are made based on the adjusted operating results for the segments.

In addition, two smaller operating segments, which does not reach the quantitative limit amounts for separate reporting, has been combined below under "Other segments". The main sources of income for these operating segments are rental income and management fees.

Revenue and operating profit from each segment are summarized below as well as the segments' assets and liabilities:

	Interim period 2022-01-01 - 2022-09-30											
	Dismantling	Workshop	Towing & Transportation	Core Part	Scrap & metal	Tyres & Rims	Remanufacturing	Other segments	Inter-company transaction	IFRS 16	Income tax	Total
Revenue	486 213	57 968	21 943	93 902	27 685	24 025	52 445	1 987	-20 748			745 420
Other operating income	10 927	951	51	0	433	1	149	5 152	0	-	-	17 664
Segment total revenue	497 140	58 919	21 994	93 902	28 118	24 026	52 593	7 140	-20 748	0	0	763 085
Segment operating profit	82 685	87	503	7 464	-1 417	-17	2 620	-46 881	0	9 137	0	54 180
Segment assets	1 145 266	93 231	134 706	126 835	26 546	21 505	199 126	214 822	0	391 915	0	2 353 952
Segment liabilities	96 397	19 504	17 060	2 845	1 335	4 395	13 817	1 404 918	0	400 396	0	1 960 667

NOTE 11 Goodwill

Changes in the carrying amount for goodwill is as follows:

	Group		
	2022-09-30	2021-09-30	2021-12-31
Balance brought forward	478 186	42 345	42 345
Aquisitions through business combinations	648 699	438 901	435 841
Exchange rate differences	9 852	-6 786	-
Balance carried forward	1136 737	474 460	478 186
Carrying amount	1136 737	474 460	478 186

NOTE 12 Right of use assets

The balance sheet of the Group contains the following amounts regarding the group's leasing agreement (kSEK)

	Group		
	2022-09-30	2021-09-30	2021-12-31
Accumulated cost brought forward	207 550	12 870	12 870
Aquisitions through business combinations	281 539	147 580	194 680
Sales/disposals	-11 761	-	-
Effect from changed incremental borrowing rate	-52 170	-	-
Accumulated cost carried forward	425 158	160 450	207 550
Accumulated depreciation brought forward	-11 134	-352	-352
Sales/disposals	798	-	-
Depreciation for the interim period/year	-25 111	-6 215	-10 782
Accumulated depreciation carried forward	-35 447	-6 567	-11 134
Carrying amount	389 711	153 883	196 416

Right-of-use assets have added SEK 281 thousand through acquisitions during the interim period 2201 - 2209. The group has made a changed assessment regarding the Group's incremental borrowing rate, see note 5. The adjustment of the incremental borrowing rate has increased cost of interest with appr. SEK 3 million and at the same time decreased the depreciations with appr. SEK 1 million for the interim period 2201-2209. With no changed incremental borrowing rate the Right of use assets would have been SEK 30 million higher as of 2022-09-30.

	Amount	Remaining term	Group		
			2022-09-30	2021-09-30	2021-12-31
<i>Right use of assets</i>					
Buildings	2	2 -20 years	386 925	151 143	194 213
Machinery	2	1-4 years	2 080	1 294	1 368
Vehicles	2	0-3 years	706	1 446	835
Total balance			389 711	153 883	196 416
<i>Lease liabilities</i>					
Long term			369 098	138 963	176 772
Short term			31 295	12 896	18 828
Total balance			400 393	151 859	195 600

NOTE 12 Right of use assets, continued

The income statement includes the following amounts related to lease agreements:

	2022-07-01 2022-09-30	2021-07-01 2021-09-30	2022-01-01 2022-09-30	2021-01-01 2021-09-30	2021-01-01 2021-12-31
<i>Depreciation of Right of use assets</i>					
Buildings	13 431	7 623	23 322	5 457	9 880
Machinery	105	498	385	299	310
Vehicles	210	730	607	458	592
<i>Other</i>					
Finance charges	3 885	782	10 697	1 182	2 450
Total amount	17 631	9 633	35 011	7 396	13 232

NOTE 13 Bond loans

"During Q2 the Group placed a bond in the market. The amount is SEK 1 billion with the possibility of increasing to SEK 1,5 SEK billion.

The bond is listed in Frankfurt. The term of the bond is three years and interest is market-based. All conditions in the form of covenants are fulfilled as at 22-09-30.

Complete Terms and Conditions can be found on our homepage: <http://autocirc.com/wp-content/uploads/2022/07/Project-Circularity-Terms-and-Conditions.pdf>"

NOTE 14 Pledged assets and contingent liabilities

The changes for the Group during the interim period are as follows:

	Group	
	2022-09-30	2021-12-31
Pledged assets		
Property mortgage	–	2 000
Floating charge	–	35 080
Pledged shares in subsidiaries	311 449	163 770
Amount	311 449	200 850
Contingent liabilities		
Bill of lading guarantee	–	1 500
Bank guarantee	5 450	400
Warranty	–	550
Others	2 619	681
Amount	8 069	3 131

NOTE 15 Related party transactions

Autocirc Industriutveckling AB owns 100% of the parent company's shares and has controlling influence over the group. Related parties are all subsidiaries within the group as well as senior executives in the group and their relatives. Transactions take place on market terms. The following transactions have taken place with related parties (normal transactions with key management personnel are excluded):

	2022-09-30	2021-09-30	2021-12-31
Sales of goods and services between subsidiaries	20 748	928	17 500
Rent of premises from related party	3 474	896	1 194
Contracted managing director from related party	55	15	20
Other contracted staff from related party	1 527	795	1 416
Current liabilities to related party	13 420	3 571	1 606

NOTE 16 Fair value measurement of financial instruments

Debt regarding additional considerations regarding acquisitions is continuously measured at fair value and are included in the statement of profit/loss. The item has been classified to Level 3, ie where there are no observable inputs for liabilities. The amounts are as follows:

	Group	
	2022-09-30	2021-12-31
Earn-outs	298 025	139 040
Bond loans	965 700	0

NOTE 17 Shares in subsidiary

The parent company holds shares in the following subsidiary:

Name	Corp. Id No	Domicile	Number of shares	Book value	
				2022-09-30	2021-12-31
Autocirc AB	559214-4314	Borås, Sweden	1032	401 392	245 529
				2022-09-30	2021-12-31
Balance brought forward				245 529	103 200
Shareholders' contribution				155 863	142 329
Balance carried forward				401 392	245 529
Total balance carried forward				401 392	245 529

NOTE 18

1. Adjusted EBITA and adjusted EBITA margin, %	Q3		Q1-3		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Operating result (EBIT)	12	13	54	27	109	27
Amortisation	0	-	1	0	3	1
EBITA	12	13	56	27	112	28
Items affecting comparability	12	3	35	11	43	20
Adjusted EBITA	25	16	90	39	155	48
Net sales	265	117	763	286	1 204	452
Adjusted EBITA, %	9%	14%	12%	13%	13%	11%

2. Adjusted operating cash flow and cash generation, %	Q3		Q1-3		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Adjusted EBITA	25	16	90	39	155	48
Depreciation	21	-1	36	4	58	21
Adjusted EBITDA	45	15	126	42	213	69
Change in working capital	16	53	-4	62	-37	56
Adjusted operating cash flow	61	68	122	104	176	125
Cash conversion, %	136%	445%	97%	248%	83%	181%

Events after the report period

In early October, the acquisition of Swedish vehicle dismantling company Autodemontering TT AB, Sjöbo and workshop company Mickes Lackservice AB was also completed. At the end of October, Autocirc Group also entered the German market with the acquisition of the dismantler Autoverwertung Kerstinjöhänner GmbH

3. Items affecting comparability

SEKm	Q3		Q1-3		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Transaction costs	3	2	12	9	17	15
One-time costs	9	1	23	2	26	6
Items affecting comparability	12	3	35	11	43	20

4. Net debt and adjusted net debt / adjusted EBITDA

SEKm	Q3		Q1-3		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Bond loans	966		966		966	
Non-current liabilities to credit institutions	25		25		25	
Non-current lease liabilities	369		369		369	
Non-current vendor loans in owner's company	81		81		81	
Other liabilities	268		268		268	
Bank overdraft facilities	110		110		110	
Current liabilities to credit institutions	1		1		1	
Current lease liabilities	32		32		32	
Current other liabilities	47		47		47	
Total interest-bearing liabilities	1897		1897		1897	
Cash and cash equivalents	421		421		421	
Net Debt	1477		1477		1477	
Adjustments to net debt:						
Removal of lease liabilities related to premises	-398		-398		-398	
Removal of performance based commitments	-298		-298		-298	
Adjusted Net Debt	781		781		781	
Adjusted LTM EBITDA proforma	213		213		213	
Removal of leasing costs & items affecting comparability	-39		-39		-39	
Adjusted LTM EBITDA proforma excl. IFRS 16	174		174		174	
Net debt / Adjusted LTM EBITDA proforma	4,5x		4,5x		4,5x	

Definitions

Net revenue growth, %	Change in reported net revenue compared with the same period in the preceding year.
Organic growth, %	Net revenue growth, adjusted for net revenue attributable to businesses acquired in the first twelve months after the acquisition date.
EBITDA	Operating profit before depreciation/amortisation of property, plant and equipment and intangible non-current assets.
EBITDA margin	EBITDA as a percentage of the company's net revenue.
Adjusted EBITDA	Operating profit before depreciation/amortisation of property, plant and equipment and intangible non-current assets, adjusted for items affecting comparability.
Adjusted EBITDA margin	Adjusted EBITDA as a percentage of the company's net revenue.
EBITA	Operating profit before amortisation of intangible assets.
EBITA margin, %	EBITA as a percentage of the company's net revenue.
Adjusted EBITA	Operating profit before amortisation of intangible assets, adjusted for items affecting comparability.
Adjusted EBITA margin, %	Adjusted EBITA as a percentage of the company's net revenue.
Net debt	Interest-bearing liabilities (due to credit institutions and lease liabilities), less cash and cash equivalents.
Adjusted Net debt	Interest-bearing liabilities (due to credit institutions and lease liabilities), less cash and cash equivalents, calculated according to the terms and conditions set forth in the compliance certificate.
PF LTM	Last twelve months reported figures adjusted for the contribution of the businesses contractually acquired or completed acquisitions by the Group as if they had been owned during the full last twelve months period.