

autocirc

INTERIM REPORT

2022 - Q4



Events in the fourth quarter of 2022

- In early October, two Swedish companies were acquired. The dismantling company Autodemontering TT in Sjöbo and the workshop Mickes Lackservice in Pers-torp AB. Through these acquisitions, we are expanding our underwriting in the workshop and paint industry and extending our presence further in the southern-most area of Sweden.
- In late October, we completed our first German acquisition – the dismantling company Autoverwertung Kerstingjohänner GmbH. This marked the beginning of our expansion into Europe.
- In December, we acquired the Finnish company Osamynti AF – which is one of Finland’s largest dismantlers. This strengthens both our offer through an increased range of car parts and our position in Finland.
- During December, we also announced that Nordic Capital has signed an agreement with the current shareholders of Autocirc Group to acquire a majority stake. Management and founders will continue their ownership together with Nordic Capital.
- Nearing the end of the year we also started two joint ventures in Finland – Autocirc Battery Recycling Oy and Esse Solar and Energy Park Oy. Through these initiatives we continue to explore the possibilities to reuse parts from our dismantlers in new applications while focusing on sustainable development together with our business partners in the Nordic countries.

Events after the fourth quarter of 2022

- At the end of January, we entered the French market by acquiring the dismantling companies Coram Auto SAS and Beck Export Automobile SAS.



COMMENTS FROM OUR CEO

Still full speed ahead

We ended the year on a strong note with four acquisitions during the fourth quarter. In total, we completed 20 acquisitions during 2022. Additionally, we have developed ambitious plans for the Norwegian market, which include establishing a central warehouse in Vestby, located 40 minutes from the center of Oslo, and starting up two new dismantlers in Bergen and Tromsø.

Financial performance

The positive trend from the first part of the year continued in Q4, with a continuously solid development of our financial results driven mainly by strong spare parts sales.

In addition to the acquisitions made during the fourth quarter, we focused on preparations for the signing with Nordic Capital and the continuous development of our organization. We have created a structure with country managers who have delegated responsibility for the development of each segment/country.

Furthermore, we have continued to strengthen our central organization with a Business Developer, a Market & Communication Manager, and an HR Manager to support the integration and growth of our business units. Our growth is based on both

acquisitions and organic growth. While the focus has been on acquisitions during the build-up phase, we are now increasing our focus on organic growth and utilizing the synergies within the group. The acquisition journey will continue with a broader geographical focus in Europe while we build the platform in the Nordic countries.

Most of our business units showed strong performance in Q4 and YTD, while a few companies within the group are currently undergoing reorganization and development, which is combined with costs that have a negative impact on the margin. As for our company UBD Cleantech, they continue to develop their remanufacturing process, which is connected to some investments and restructuring costs. The expected upside related to this project at UBD is expected to fall out in the result during the second half of 2023. During Q4 and the first half of 2023, the company is fully focused on developing the new production line and training the staff. We see high potential in this facility going forward and expect this investment to lead to strong organic growth.





Risk and risk management

We are still facing turbulent times, and like many others, we have been impacted in various ways. The escalating energy prices and fluctuations in the business cycle are concerning. However, our business is not a significant energy consumer, and while the increased prices have affected us, the impact has not been severe. Although we anticipate an increase in the cost of warming up our facilities during winter, it is not expected to have a negative effect on our business. Fortunately, our organization is robust, and during times when it's important to save money, our services become more attractive as an increased number of people choose to repair and maintain their cars instead of buying new ones.

During the fourth quarter, we held our annual risk workshop where we updated our group-wide risk assessment and monitoring of the environment. The result will be published in our annual report.

ESG achievements

In the fourth quarter, we began collecting ESG data for our annual report, with the aim of presenting our climate performance for the group on a yearly basis. Simultaneously, we conducted a thorough review of our financial activities to assess their alignment with the relevant taxonomy, and identified areas that require improvement in the future.

During the fourth quarter, we organized a leadership lecture for the group CEOs,

focusing on business acumen and cultural development. The event was highly appreciated by all participants.

Looking ahead

As we look to the future, the global operating environment remains turbulent, but we have great confidence in our organization and are proud of the exceptional results our dedicated team of close to 750 colleagues have delivered.

2023 marks the continuation of our European journey, creating opportunities to expand and apply our concept to new markets. Our mission is to create a circular economy in the car parts industry by minimising material waste and optimising the reuse of sustainable spare parts. We are taking a long-term approach, constantly developing and improving our team and our offerings.

Johan Livered

CEO of Autocirc
Borås, February 2023



Oct – Dec Net sales for the Group amounted to SEK 321 million (166), and increase of 93% compared to the corresponding period last year. Acquired sales have contributed with SEK 108 million on net sales and organic sales by SEK 47 million. The Group's earnings before depreciation and amortisation amounted to SEK 28 million, equating to an EBITDA margin of 8,7% (11,2). 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 burdened the quarterly profit mainly relating to building up the organisation. After adjustment on non-recurring items the underlying earnings before depreciation and amortisation amounted to SEK 39 million, which resulted in an underlying adjusted EBITDA margin of 12,2% (16,0).

Jan – Dec Net sales for the Group amounted to SEK 1084 million (452), an increase of 140% compared to the corresponding period last year. Acquired sales have contributed with SEK 476 million on net sales and organic sales by SEK 156 million. The Group's earnings before depreciation and amortisation amounted to SEK 119 million, equating to an EBITDA margin of 11% (10,9). The earning before depreciation have been affected by a higher cost structure through acquisitions and increased volume as well as one-off costs. Non-recurring items that burdened the profit mainly relating to building up the organisation. After adjustment of non-recurring items the underlying earning before depreciation and amortisation amounted to SEK 168 million, which resulted in an underlying adjusted EBITDA margin of 15,5% (15,4).

PF LTM Net sales for the Group amounted to SEK 1348 million. Acquired sales have contributed with SEK 636 million. The Group's earnings before depreciation and amortisation amounted to SEK 157 million, equating to an EBITDA margin 11,6%. The earnings before depreciation have been affected by a higher cost structure through acquisition 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 237 million, which resulted in an underlying EBITDA margin of 17,6%.

Financial Summary	Q4			Q1-4			Full-year	
	2022	2021	Δ%	2022	2021	Δ%	PF LTM 1)	2021
SEKm								
Net Sales	321	166	93%	1084	452	140%	1348	452
Organic growth	47	-	-	156	-	-	260	112
Acquisitions	108	-	-	476	-	-	636	286
Gross Profit	212	78	172%	671	247	171%	848	247
EBITDA	28	19	51%	119	49	142%	157	49
EBITDA-margin, %	8,7%	11,2%	-	11,0%	10,9%	-	11,6%	10,9%
Adjusted EBITDA ¹⁾	39	26	47%	168	69	142%	237	69
Adj. EBITDA-margin, % ¹⁾	12,2%	16,0%	-	15,5%	15,4%	-	17,6%	15,4%
EBITA	7	-	-	61	28	118%	121	28
EBITA-margin, %	2,2%	-0,0%	-	5,7%	6,2%	-	9,0%	6,2%
Adjusted EBITA ¹⁾	18	9	107%	110	48	128%	170	48
Adj. EBITA-margin, % ¹⁾	5,7%	5,3%	-	10,1%	10,7%	-	12,6%	10,7%
Cash flow from operating activities	-47	17	-378%	-38	78	-149%	-38	78
Adjusted Cash flow from operating activities	8	20	-61%	133	126	6%	202	126
Cash conversion ¹⁾	20%	77%	-	79%	181%	-	85%	181%
Net Debt/ Adj. EBITDA ¹⁾	5,3x	-	-	5,3x	-	-	5,3x	-

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 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 points. All covenant conditions have been fulfilled as of September 30, 2022.

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

In addition, Autocirc AB has a super senior revolving credit facility which, at the end of Q4, was SEK 165 million.

Income statements

CONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<i>Operating income etc.</i>					
Revenue	6	324 260	165 013	1 069 681	432 677
Change in inventories of products in progress, finished goods and work in progress/Changes in inventories		1 396	-	1 348	-
Work performed by the group for its own use and capitalized		-	-97	-	-
Other operating income		-4 806	1 038	12 906	19 264
Total operating income etc.		320 850	165 953	1 083 934	451 940
<i>Operating expenses</i>					
Raw materials and consumables		-22 522	-87 880	11 174	-204 630
Goods for resale		-85 978	-	-424 015	-
Other external expenses		-74 305	-32 745	-233 514	-89 296
Employee benefit expenses		-112 795	-22 761	-317 635	-104 426
Depreciation, amortisation and impairment of tangible and intangible fixed assets		-20 784	-18 895	-57 941	-22 452
Other operating expenses		2 628	-4 052	-731	-4 273
Total operating expenses		-313 757	-166 333	-1 022 662	-425 077
Operating profit/loss		7 093	-380	61 273	26 863
<i>Gain (loss) from financial items:</i>					
Gain (loss) from participation in associates and joint ventures		-	-	70	-
Gain (loss) from other securities and receivables classified as fixed assets		-74	-	2	-
Finance income	7	4 674	-685	2 533	61
Finance costs	8	-40 330	-1 520	-99 794	-15 689
Profit/Loss after financial items		-28 637	-2 585	-35 916	11 235
Tax expense		-5 645	-6 329	-52 585	-12 953
Profit/Loss of the year from continuing operations		-34 282	-8 914	-88 500	-1 718
Earnings for the interim period/year		-34 282	-8 914	-88 500	-1 718

Income statements, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Other comprehensive income					
Profit/Loss for the year		-34 282	-8 914	-88 500	-1 718
Exchange differences on translating foreign operations		15 361	9 263	22 126	4 513
Other comprehensive income for the interim period/year, net of tax		15 361	9 263	22 126	4 513
Total comprehensive income for the interim period/year		-18 921	349	-66 374	2 795
Earning for the interim period/year attributable to:					
Owners of the parent		-34 290	-8 896	-88 615	-1 819
Non-controlling interest		8	-18	115	101
		-34 282	-8 914	-88 500	-1 718
Total comprehensive income for the interim period/year attributable to:					
Owners of the parent		-19 063	367	-66 623	2 694
Non-controlling interest		142	-18	249	101
		-18 921	349	-66 374	2 795

Balance sheets

CONSOLIDATED STATEMENTS

kSEK	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalised expenditure for development and similar work		145	-
Trademarks		411	428
Rights to tenancy and similar rights		1 021	-
Goodwill	11	1 279 038	478 186
Total intangible fixed assets		1 280 615	478 613
Tangible fixed assets			
Land and buildings		51 413	3 747
Right of use assets	12	431 881	196 416
Plant and machinery		48 539	12 437
Constructions in progress		969	-
Equipment, tools, fixtures and fittings		44 632	17 419
Total tangible fixed assets		577 434	230 019
Financial fixed assets			
Shares in associated companies		4 143	-
Receivables from associates and joint ventures		60	-
Other long-term securities		5 048	821
Deferred tax assets		-	220
Other long-term receivables		1 163	512
Total financial fixed assets		10 414	1 553
Total fixed assets		1 868 463	710 186

kSEK	Note	2022-12-31	2021-12-31
ASSETS, cont.			
Current assets			
Inventories etc.			
Finished products and goods for resale		182 943	102 841
Total inventories etc		182 943	102 841
Current receivables			
Trade and other receivables		108 789	50 821
Receivables from group companies		21 003	-
Current tax receivable		957	-
Contract and other receivables		20 713	6 119
Prepaid expenses and accrued income		23 501	9 435
Total current receivables		174 962	66 375
Cash and cash equivalents		168 962	89 346
Total current assets		526 867	258 562
TOTAL ASSETS		2 395 331	968 748

Balance sheets, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-12-31	2021-12-31
EQUITY			
Share capital		516	516
Other contributed capital		51 175	51 175
Reserves		25 217	3 225
Earnings brought forward		333 750	141 020
Earnings for the interim period/year		-88 500	-1 718
Equity attributable to owners of the parent company		322 158	194 218
Non-controlling interest		1 135	886
Total equity		323 293	195 104
LIABILITIES			
Non-current liabilities			
Pensions and other employee obligations		8 340	246
Bond loans	13	962 885	-
Liabilities to credit institutions		99 991	249 584
Lease liabilities		404 268	176 772
Deferred tax liabilities	14	18 222	3 505
Other liabilities		273 910	137 230
Total long-term liabilities/Total non-current liabilities		1 767 616	567 337

kSEK	Note	2022-12-31	2021-12-31
LIABILITIES			
Current liabilities			
Bank overdraft facilities		-	51 696
Liabilities to credit institutions		2 750	20 637
Lease liabilities		39 880	18 828
Advance payments from customers		5 928	2 285
Trade and other payables		74 071	30 982
Current tax liabilities		36 955	9 087
Other liabilities		81 156	34 812
Accrued expenses and deferred income		63 683	37 980
Total current liabilities		304 423	206 307
Total liabilities		2 072 038	773 644
Total equity and liabilities		2 395 331	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		-	-	-	142 328	142 328	-	142 328
Bonus issue		413	-1 972	-	1 559	-	-	-
Transactions with owners		413	-1 972	-	143 887	142 328	-	142 328
Profit/loss for the period		-	-	-	-1 820	-1 820	101	-1 719
Other comprehensive profit/loss for the period		-	-	4 514	-	4 514	1	4 515
Total comprehensive income/(loss) for the period				4 514	-1 820	2 694	102	2 796
Balance 2021-12-31		516	51 175	3 225	139 302	194 218	886	195 104
Opening balance 2022-01-01		516	51 175	3 225	139 302	194 218	886	195 104
<i>Diversations</i>								
Shareholders' contribution		-	-	-	194 563	194 563	-	194 563
Transactions with owners		-	-	-	194 563	194 563	-	194 563
Profit/loss for the period		-	-	-	-88 615	-88 615	115	-88 500
Other comprehensive profit/loss for the period		-	-	21 992	-	-	134	22 126
Total comprehensive income/(loss) for the period				21 992	-88 615	-66 623	249	-66 374
Balance 2022-12-31		516	51 175	25 217	245 250	322 158	1 135	323 293

Cash flow statements

CONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating activities					
Profit/Loss after financial items		-28 636	-2 585	-35 915	11 234
Non-cash adjustment		27 724	18 422	64 366	12 078
Income tax paid		-15 368	7 186	-32 069	-1 313
Cash flow from operating activities before changes in working capital		-16 280	23 023	-3 618	21 999
<i>Changes in working capital:</i>					
Change in inventories		-18 626	-12 966	-26 273	-15 087
Change in trade and other receivables		-35 121	-13 162	-14 792	-10 616
Change in trade and other payables		22 686	20 113	6 469	81 953
Net cash flow from continuing operations		-47 341	17 008	-38 214	78 249
Net cash flow used in/from discontinued operations		-	-	-	-
Net cash flow from operating activities		-47 341	17 008	-38 214	78 249

Cash flow statements, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Investing activities					
Acquisition of participations in subsidiaries net of cash acquired		-134 990	9 000	-824 887	-393 082
Disposal of participations in subsidiaries net of cash sold		-	24 583	-	51 693
Acquisition of intangible fixed assets		-	0	-	-7 898
Disposal of intangible fixed assets		-	-5 084	-	-
Acquisition of tangible fixed assets		-15 881	-	-50 473	-15 422
Disposal of tangible fixed assets		-	18 229	220 030	-
Acquisition of financial assets		-	-	-	-
Disposal of financial assets		-	-	-	67
Cash flow from investing activities		-150 871	46 728	-655 330	-364 642

Cash flow statements, continued

CONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Financing activities					
New shares issue		-	-	-	-
Shareholders' contribution received		-	4 900	156 063	142 329
Dividends paid		-	804	-	-
Group contribution received		-	-	-	-
Group contribution paid		-	-	-	-
New borrowings and lease liabilities		85 000	80 592	1 036 631	390 262
Interest paid					
Repayment of borrowings and lease liabilities		-28 509	-224 676	-367 838	-224 678
Change in bank overdraft facilities		-	49 687	-51 696	51 308
Cash flow from financing activities		56 491	-88 693	773 160	359 221
Cash flow for the period		-141 721	-24 957	79 616	72 828
Cash and cash equivalents at the beginning of the period		310 683	114 303	89 346	16 518
Exchange rate differences in cash and cash equivalents		-	-	-	-
Cash and cash equivalents included in disposal group		-	-	-	-
Cash and cash equivalents for continuing operations		168 962	89 346	168 962	89 346

Income statements

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<i>Operating income etc.</i>		-	-	-	-
Total operating income etc.		-	-	-	-
<i>Operating expenses</i>					
Other external expenses		4 177	-	-1 957	-2
Depreciation, amortisation and impairment of tangible and intangible fixed assets/non-financial assets		-	-	-	-
Total operating expenses		4 177	-	-1 957	-2
Operating profit		4 177	-	-1 957	-2
<i>Gain (loss) from financial items:</i>					
Other interest income and similar items	7	23 296	-	42 029	-
Interest expense and similar items	8	-29 173	-	-59 456	-
Profit after financial items		-1 701	-	-19 384	-2
Profit/loss and total comprehensive income for the interim period/year		-1 701	-	-19 384	-2

Balance sheets

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-12-31	2021-12-31
ASSETS			
FIXED ASSETS/NON-CURRENT ASSETS			
Fixed assets/Non-current assets			
Intangible fixed assets/Intangible assets			
Capitalised expenditure for development and similar work		-	-
Total intangible fixed assets		-	-
Financial fixed assets/Financial non-current assets			
Participations in group companies	18	439 892	245 529
Receivables from group companies		900 692	-
Total financial fixed assets/Financial non-current assets		1 340 584	245 529
Total fixed assets/Total non-current assets		1 340 584	245 529
CURRENT ASSETS			
Current receivables			
Receivables from group companies		4 257	25
Prepaid expenses and accrued income		-	-
Total current receivables		4 257	25
Cash and bank		43 069	-
Total current assets		47 326	25
TOTAL ASSETS		1 387 910	245 554

kSEK	Note	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		516	516
Total restricted equity		516	516
<i>Non-restricted equity</i>			
Share premium		51 175	51 175
Profit (loss) brought forward		388 423	193 862
Profit (loss) for the year		-19 384	-2
Total non-restricted equity		420 214	245 035
Total equity		420 730	245 551
Non-current liabilities			
Bond loans	13	962 885	-
Total long-term liabilities/Total non-current liabilities		962 885	-
Current liabilities			
Bills payables		236	-
Liabilities to group companies		-	3
Accrued expenses and deferred income		4 058	-
Total current liabilities		4 294	3
Total liabilities		967 179	3
TOTAL EQUITY AND LIABILITIES		1 387 909	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 2021-01-01		50	51 175	52 000	-	103 225
Shareholders' contribution		-	-	142 328	-	142 328
Bonus issue		466	-	-466	-	-
Profit/loss for the period		-	-	-	-2	-2
Balance 2021-12-31		516	51 175	193 862	-2	245 551
Opening balance 2022-01-01		516	51 175	193 862	-2	245 551
Diversations		-	-	-2	2	-
Shareholders' contribution				194 563		194 563
Transactions with owners		-	-	194 561	-	194 561
Profit/loss for the period		-	-	-	-19 384	-19 384
Balance 2022-12-31		516	51 175	388 423	-19 384	420 730

Cash flow statements

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Operating activities					
Profit/loss after financial items		-1 701	-	-19 384	-2
Non-cash adjustment		-	-	-	-
Cash flow from operating activities before changes in working capital		-1 701	-	-19 384	-2
<i>Changes in working capital:</i>					
Change in trade and other receivables		-766	4 900	-4 232	-
Change in trade and other payables		1 024	-	4 292	2
Net cash flow from operating activities		-1 443	4 900	-19 324	-
Investing activities					
Group loan paid		-105 116	-	-900 692	-
Group loan recieved		-	46 028	-	-
Interest received		-	-	-	-
Dividends received		-	-	-	-
Acquisition of participations in subsidiaries net of cash acquired		-	-4 900	-155 863	-142 329
Disposal of participations in subsidiaries net of cash sold		-	-	-	-
Acquisition of intangible fixed assets		-	-	-	-
Disposal of intangible fixed assets		-	-	-	-
Acquisition of tangible fixed assets		-	-	-	-
Disposal of tangible fixed assets		-	-	-	-
Acquisition of financial assets		-	-	-	-
Shareholders' contribution paid		-	-	-	-
Cash flow from investing activities		-105 116	41 128	-1 056 555	-142 329

Cash flow statements, continued

AUTOCIRC GROUP AB (publ) UNCONSOLIDATED STATEMENTS

kSEK	Note	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Financing activities					
Shareholders' contribution received		-	4 900	156 063	142 329
Repayment of borrowings		-	-50 928	-	-
New borrowings		-2 815	-	962 885	-
Cash flow from financing activities		-2 815	-46 028	1 118 948	142 329
Cash flow for the period		-109 374	-	43 069	-
Cash and cash equivalents at the beginning of the period		152 443	-	-	-
Cash and cash equivalents for continuing operations		43 069	-	43 069	-

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 twelve months ended 31 December 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 Autocirc Industriutveckling AB is as of February 2023 acquired by Circauto BidCo AB which is owned by Nordic Capital and part of Autocirc management. 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 February 2023.

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 leaseback-transactions. The Group's incremental borrowing rate for leased assets has increased from average 2,6% to 6,3% as a result of this assessment.

NOTE 6 Revenue

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

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

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Sweden	174 664	63 953	636 101	167 668
Norway	30 921	14 328	111 952	37 564
Finland	19 843	23 190	71 846	60 799
Europe excl countries above	87 643	57 211	231 889	150 010
Other countries	11 189	6 331	17 893	16 636
	324 260	165 013	1 069 681	432 677

NOTE 7 Finance income

	Group			
	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Interest income	930	45	1 026	61
Exchange gains	705	-1 693	1 414	-
Exchange losses	3 039	-	-53	-
Other finance income	-	963	146	-
Total	4 674	-685	2 533	61

	Parent company			
	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Interest income	237	-	237	-
Interest income from group companies	23 059	-	41 792	-
Exchange difference	-	-	-	-
Total	23 296	-	42 029	-

NOTE 8 Finance costs

	Group			
	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Interest expenses for leasing arrangements	6 738	1 268	17 435	2 450
Interest expenses, bond loans	29 173	-	59 456	-
Other interest expenses	2 861	252	12 528	11 946
Other financial expenses	1 558	-	10 375	1 293
Total	40 330	1 520	99 794	15 689

	Parent company			
	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
Interest expenses for leasing arrangements	-	-	-	-
Interest expenses, bond loans	29 173	-	59 456	-
Other interest expenses	-	-	-	-
Other financial expenses	-	-	-	-
Total	29 173	-	59 456	-

There is no interest to group companies

NOTE 9 Acquisition of 20 companies

During the period January - December 2022 the group acquired 100% of the equity instruments of 20 companies with business in dismantling and recycling, thereby obtaining control. The companies are based in Sweden, Finland, Germany, 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.

	Sweden	Norway	Finland	Other
	2022-12-31	2022-12-31	2022-12-31	2022-12-31
Purchase price				
Amount settled in cash	391 815	285 338	38 258	71 219
Promissory note loan	33 500	11 438	-	-
Fair value of contingent consideration	81 500	67 041	-	21 461
Total sum	506 815	363 817	38 258	92 680
Recognized amounts of identifiable net assets				
Cash and cash equivalents	65 335	35 864	4 269	12 447
Total non-current assets	72 197	23 841	1 320	2 990
Total current assets	86 720	28 516	11 698	11 433
Loans	-4 040	-5 057	-	-585
Deferred tax liabilities	-9 818	-3 100	-815	-7 157
Trade and other payables	-73 560	-28 366	-747	-8 246
Identifiable Net Assets	136 834	51 698	15 725	10 882
Goodwill on acquisition	382 691	312 119	22 533	81 798
Consideration transferred settled in cash	399 525	285 338	38 258	71 219
Cash and cash equivalents acquired	-65 335	-35 864	-4 269	-12 447
Net cash outflow on acquisition	334 190	249 474	33 989	58 772
Acquisition costs charged to expenses	10 864	2 547	623	4 738
Net payment on acquisition	345 054	252 021	34 612	63 510

Acquisition-related costs

Acquisition-related costs amounting to SEK 19386 thousand are not included as a 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 acquired companies contribution to the Group results

The companies incurred a profit (before tax) of SEK 46 581 thousand to the reporting date. Revenue for the months when the companies have been within the group to 31 of December 2022 was SEK 417 821 thousand. If the companies had been acquired on 1 Januari 2022, revenue for the Group would have been SEK 1 347 639 thousand, and profit (before tax) for the year would have increased by SEK 78 555 thousand.

Acquisitions after Q4 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 operating segments are reported in a manner consistent with the internal reporting provided to the operating decision makers. As a result of the organisational development in the Group, Country managers has been assigned with the responsibility to monitor the performance and drive the business improvements. Thereby the operating segments are defined by Country.

The chief operating decision makers, who are responsible for financial performance follow up and resource allocation, has been identified as Group Executive members and Country managers. Each of the Country segments is managed separately as the segment requires different technologies, resources and marketing strategies. These Country segments are managed and strategic decision are made based on the operating result for each Country segment.

The Group comprise of the following Country operating segments, Sweden, Norway and Finland. In addition, a segment named "Other segment", which does not reach the quantified limit amounts for separate reporting, has been added. The main income for this segment is related to property rent and services provided to the main operating segments.

Revenues and results from each segment as well as the segments' assets and liabilities are summarized below:

Interim period 2022-01-01 - 2022-12-31

	Sweden	Norway	Finland	Others	IFRS 16	Inter-company transactions	Total
Revenue							
Revenue, external	685 677	141 623	67 029	175 352	-	-	1 069 681
Revenue, inter-company	31 531	594	12 902	41 492	-	-	86 519
Elimination of inter-company revenue within the segment	-25 172	-436	-9 432	-25 560	-	-25 919	-86 519
Other operation income	7 031	1 131	7 763	7 195	-8 867	-	14 253
Segment total revenue	699 067	142 912	78 262	198 479	-8 867	-25 919	1 083 934
Segment operating profit	52 847	21 276	3 725	-22 326	5 751	-	61 273
Segment assets	1 158 686	495 523	107 700	201 541	431 881	-	2 395 331
Segment liabilities	149 166	62 187	18 776	1 400 288	441 621	-	2 072 038

NOTE 11 Goodwill

Changes in the carrying amount for goodwill is as follows:

	Group	
	2022-12-31	2021-12-31
Balance brought forward	478 186	42 345
Aquisitions through business combinations	780 471	435 841
Exchange rate differences	20 381	-
Balance carried forward	1 279 038	478 186
Carrying amount	1 279 038	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	
	2022-12-31	2021-12-31
Accumulated cost brought forward	207 550	12 870
Aquisitions through business combinations	330 845	194 680
Sales/disposals	-12 353	-
Exchange rate differences	3 301	-
Effect from changed incremental borrowing rate	-52 170	-
Accumulated cost carried forward	477 173	207 550
Accumulated depreciation brought forward	-11 134	-352
Sales/disposals	2 360	-
Depreciation for the interim period/year	-36 518	-10 782
Accumulated depreciation carried forward	-45 292	-11 134
Carrying amount	431 881	196 416

	Remaining term	Group	
		2022-12-31	2021-12-31
<i>Right use of assets</i>			
Buildings	2 -20 years	418 931	194 213
Machinery	1-4 years	4 347	1 368
Vehicles	0-3 years	8 603	835
Total balance		431 881	196 416
<i>Lease liabilities</i>			
Long term		404 268	176 772
Short term		39 880	18 828
Total balance		444 148	195 600

Right-of-use assets have added SEK 331 thousand through acquisitions during the year. 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 5 million and at the same time decreased the depreciations with appr. SEK 4 million for the year. With no changed incremental borrowing rate the Right of use assets would have been SEK 71 million higher as of 2022-12-31.

NOTE 12 Right of use assets, continued

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

	2022-10-01 2022-12-31	2021-10-01 2021-12-31	2022-01-01 2022-12-31	2021-01-01 2021-12-31
<i>Depreciation of Right of use assets</i>				
Buildings	9 871	4 423	33 193	9 880
Machinery	864	11	1 249	310
Vehicles	1 469	134	2 076	592
<i>Other</i>	-	-	-	-
Finance charges	6 738	1 268	17 435	2 450
Total amount	18 942	5 836	53 953	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 of 22-12-31. 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 Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses are summarised as follows:

Changes during year:	Recorded in				2022-12-31
	2022-01-01	From acquisitions	Other comprehensive income	Profit or loss	
<i>Non-current assets</i>					
Intangible fixed assets	-	-	-	-	-
Right of use assets	-	-	-	88 967	88 967
Financial fixed assets	-	-	-	-	-
Investment properties	-	-	-	-	-
<i>Current assets</i>					
Trade and other receivables	-	-	-	-	-
<i>Current liabilities</i>					
Lease liabilities	-	-	-	-91 495	-91 495
From untaxed reserves	3 505	6 492	-	10 973	20 970
Unused tax losses carried forward	-220	-	-	-	-220
	3 285	6 492	-	8 445	18 222

NOTE 15 Pledged assets and contingent liabilities

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

	Group	
	2022-12-31	2021-12-31
Pledged assets		
Property mortgage	-	2 000
Floating charge	-	35 080
Pledged shares in subsidiaries	308 486	163 770
Assets with ownership reservations	31 267	-
Others	353	-
Amount	340 106	200 850
Contingent liabilities		
Bill of lading guarantee	-	1 500
Bank guarantee	5 450	400
Warranty	-	550
Others	4 012	681
Amount	9 462	3 131

NOTE 16 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):

	2022-12-31	2021-12-31
Sales of goods and services between subsidiaries	86 519	17 500
Rent of premises from related party	25 805	1 194
Contracted managing director from related party	55	20
Other contracted staff from related party	2 553	1 416
Current liabilities to related party	17 140	1 606

NOTE 17 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	
	2022-12-31	2021-12-31
Earn-outs	308 555	139 040
Bond loans	962 885	-

NOTE 18 Shares in subsidiary

The parent company holds shares in the following subsidiary:

Name	Corp. Id No	Domicile	Number of shares	Book value	
				2022-12-31	2021-12-31
Autocirc AB	559214-4314	Borås, Sweden	1032	439 892	245 529
				2022-12-31	2021-12-31
Balance brought forward				245 529	103 200
Shareholders' contribution				194 363	142 329
Balance carried forward				439 892	245 529
Total balance carried forward				439 892	245 529

NOTE 19 Significant events after the financial year

In the end of January 2023, we entered the French market with the acquisition of the dismantler companies Coram Auto SAS and Beck Export Automobile B E A SAS.

NOTE 20

1. Adjusted EBITA and adjusted EBITA margin, %

SEKm	Q4		Q1-Q4		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Operating result (EBIT)	7	-	61	27	121	27
Amortisation	-	-	-	1	-	1
EBITA	7	-	61	28	121	28
Items affecting comparability	11	9	49	20	49	20
Adjusted EBITA	18	9	110	48	170	48
Net sales	321	166	1084	452	1348	452
Adjusted EBITA, %	6%	5%	10%	11%	13%	11%

2. Adjusted operating cash flow and cash generation, %

SEKm	Q4		Q1-Q4		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Adjusted EBITA	18	9	110	48	170	48
Depreciation	21	18	58	21	68	21
Adjusted EBITDA	39	26	168	69	237	69
Change in working capital	-31	-6	-35	56	-35	56
Adjusted operating cash flow	8	20	133	126	202	126
Cash conversion, %	20%	77%	79%	181%	85%	181%

3. Items affecting comparability

SEKm	Q4		Q1-Q4		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Transaction costs	5	5	19	15	19	15
One-time costs	6	3	29	6	29	6
Items affecting comparability	11	9	49	20	49	20

4. Net debt / adjusted EBITDA

SEKm	Q4		Q1-Q4		Full-year	
	2022	2021	2022	2021	PF LTM ¹⁾	2021
Bond loans	963		963		963	
Non-current liabilities to credit institutions	100		100		100	
Non-current lease liabilities	404		404		404	
Non-current vendor loans in owner's company	75		75		75	
Other liabilities	274		274		274	
Current liabilities to credit institutions	3		3		3	
Current lease liabilities	40		40		40	
Current other liabilities	41		41		41	
Total interest-bearing liabilities	1899		1899		1899	
Cash and cash equivalents	169		169		169	
Net Debt	1730		1730		1730	
Adjustments to net debt:						
Removal of lease liabilities related to premises	-431		-431		-431	
Removal of performance based commitments	-308		-308		-308	
Adjusted Net Debt	990		990		990	
Adjusted LTM EBITDA proforma	237		237		237	
Removal of leasing costs for premises & items affecting comparability	-51		-51		-51	
Adjusted LTM EBITDA proforma excl. IFRS 16	186		186		186	
Net debt / Adjusted LTM EBITDA proforma	5,3x		5,3x		5,3x	

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