autocirc

PART OF SOMETHING

GREATER

2021 ANNUAL AND SUSTAINABILITY REPORT

2021

17

LOCAL OPERATORS WITH GLOBAL ENVIRON-MENTAL GOALS

FOR A SMARTER AUTO PARTS INDUSTRY

Our working model means that more auto parts are reintroduced to the spare parts market instead of being scrapped. This both reduces waste and the need to produce new parts. We call it responsible reuse for a sustainable future.

CONTENTS

PUMP UP THE VOLUME

The start of something big

Autocirc's story began in 2019, when we identified an opportunity to develop and harness the potential of the aftermarket in the auto parts industry. Bringing independent operators together under the same roof allows us to link up a sector that is traditionally fragmented.

Our business aims to create a circular model in which we reuse and prolong the lifespan of used spare parts. In the long term, this means we are able to make use of the vehicle's parts for an extended period of time.

630
MILLION IN SALES*

286
EMPLOYEES

*The company follows the business's proforma earnings based on consolidated earnings, in which all acquired companies are included in full for the reporting period. Adjusted EBITDA refers to EBITDA excluding acquisition costs incurred during the year.

Every part counts

For Autocirc it's not a matter of reinventing the wheel, but rather building on what already exists. Linking up established, independent operators with Autocirc creates opportunities to add value via shared synergies and increase circularity for the sector as a whole. Autocirc's working model means that more auto parts are reintroduced to the spare parts market instead of being scrapped. This reduces both waste and the need to produce new parts. Parts that cannot be reused are converted into secondary raw materials with new purposes and functions in a new production cycle.

18 companies with headquarters in Borås

Autocirc is headquartered in Borås, Sweden, and its subsidiaries are currently located in Northern Europe, including in Sweden, Finland, Norway, the UK, and a hub in Poland. In 2021, Autocirc grew from six companies (including the owner company) to a total of 18 companies. The head office staff have increased from four to six employees with the addition of a COO, CSO and a new administrator. Sales have risen from SEK 540 million to SEK 630 million proforma.

A comprehensive approach

Autocirc's concept began to emerge in 2019. Having worked in several markets and within a number of different sectors, founders Johan Livered and Mattias Pettersson discovered a gap in the automotive industry, namely the fragmentation of the aftermarket. Dismantlers, remanufacturers, core parts dealer, workshops and businesses working with material processing were working effectively but without any significant cooperation, which meant that the aftermarket was not being optimised to its full potential. Johan and Mattias identified a business opportunity to link up these operators to make more effective use of resources, with the aim of promoting reuse and making sustainable alternatives more widely available to the consumer.

More opportunities and insights have emerged since then, particularly regarding how to develop and increase the reuse of auto parts through direct reuse, remanufacturing and repurposing. We are prepared to meet high standards in our efforts to connect the aftermarket. Autocirc is our contribution to the circular transition.


JOHAN LIVERED


MATTIAS PETTERSSON

2019

Autocirc is founded

Autocirc is founded by Johan Livered and Mattias Pettersson as a response to the fragmented aftermarket.

2020

The first acquisition

Autocirc makes its first acquisition in order to become a comprehensive aftermarket group.

2021

Expansion in Northern Europe

Autocirc acquires companies in Sweden, Norway, Finland, the UK and a hub in Poland.

Towards sustainable goals using modern methods

The Group is united by a desire to contribute to a world in which we want to grow, flourish and develop. Our circular business model contributes to the fulfilment of the UN Sustainable Development Goals, primarily: 12 Responsible Consumption and Production, and 13 Climate Action. We are contributing to these goals through preventive action in connection with reuse, repurposing and material recycling. In the long run, we can reduce the ecological footprint of the aftermarket for the automotive industry.

SUSTAINABLE DEVELOPMENT GOALS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

FULL SPEED AHEAD

COMMENTS FROM OUR CEO

JOHAN LIVERED

WATCH THE VIDEO!

Listen to Johan talking about Autocirc's vision. >> **Click here**

"Here at Autocirc, full speed ahead refers specifically to 12 new acquisitions in 2021, which means we are now made up of a total of 18 companies and have grown from a workforce of 60 to 286 in just one year. Incredible!

2021 has been a year of growth and start-up for us. In 2021 we consolidated our position in the Nordic region and expanded to several locations across Northern Europe. We have also strengthened our holding company with the addition of new colleagues. The Autocirc family has expanded considerably and the plan for 2022 is to continue to grow through acquisitions and new staff joining the head office.

Since early 2020 the world has been facing the ongoing challenge of the pandemic, which unfortunately we have had to learn to live with. The market in 2021 experienced component shortages, delivery delays and high material costs, which is something our section of the industry has benefited from. With our offering of circular spare parts that are not based on new production or shipping from the other side of the globe, we have been able to supply the aftermarket with a stable, locally produced and uninterrupted flow of sustainable spare parts.

Electrification forging ahead

The 2021 financial year will also be marked by the record-strong trend for electric cars (EV), a development that will not only characterise 2021, but also the entire vehicle fleet in the future. This record-strong trend for electric cars is not only putting pressure on the grid, but also the market as a whole, including everything from workshops to the aftermarket. Our ambition is to be the first choice for our partners, and in order to achieve this we worked on actively building expertise in the field during 2021. Our priority is to ensure correct and safe dismantling of electric vehicles, in order to make efficient use of their resources.

Future opportunities for us

Our motto is reuse, remanufacture and repurpose. We are convinced that the resources being produced today are not being managed in the most efficient way. In accordance with the EU's Waste Framework Directive, which determines how our waste is to be managed, our primary aim is to minimise waste, then to reuse products and components to the greatest extent possible, and finally to recycle waste for which material recycling is prioritised over energy recovery. As a business we operate in the middle of the product cycle. We feel we have a significant role in working actively with this waste hierarchy and efforts to create circular flows. As a business we have an opportunity to breathe new life into products that have been classified as waste. We generate opportunities to extend the life of products via reuse or repurposing, either directly or through remanufacture. That is, we use what is available for longer, which is both resource efficient and economical. ▶▶

"We endeavour to create circular flows; we make use of what already exists for longer. Our approach is not only resource efficient, but also economically sustainable."

Our focus for 2022
We will continue with our expansion and growth journey in 2022 by making further acquisitions and taking on new markets. Our first new addition to the Group came in February, which meant we expanded from a workforce of 280 to 440! We will be keeping up the momentum over the coming year. Another area we plan to focus on in 2022 is building our internal ecosystem, and how to make the best use of the skills we have within the Group. I am confident that by linking the entire value chain and building long-term partnerships, we are laying the foundations for creating value and circular effects that will last for a long time. We will strive to streamline the flow of component reuse and remanufacture. Our Group and our group-wide platform will then generate opportunities for dismantlers, core parts dealer, remanufacturers and workshops to link up their processes and create a seamless flow, with the aim of increasing the number of reused parts on the market.

Looking at the industry as a whole going forward, we believe it will be dominated by two areas: circularity and electrification. These are two areas that we already prioritise and are actively engaged in, partly by linking up a previously fragmented aftermarket to make more efficient use of resources, and partly via our electric vehicle concept, which ensures in-house expertisewithin this future market area.

Strategic steps in the right direction
Finally, I would also like to mention our strategic direction for the future. We have noted that requirements on businesses are becoming increasingly stringent, particularly via the establishment of the EU's classification system, the taxonomy. We believe the taxonomy is an effective tool for us in our efforts to establish a strategic direction for the future. Actively working according to the taxonomy will enable us to focus on investments that the taxonomy classifies as sustainable, while ensuring we avoid any investments that may cause significant harm.

I look forward to 2022 with great enthusiasm, and I would like to take this opportunity to greet all our new colleagues and partners. Welcome to Autocirc and the auto recycling of the future!

Johan Livered
CEO of Autocirc
Borås, March 2022

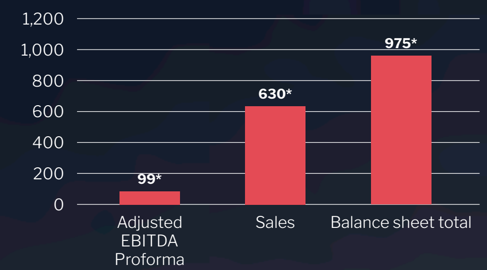
CIRCULAR HUB

Autocirc is the hub in a circular business model. By looking at spare parts in a new light, we are disrupting traditional approaches and paving the way for sustainable reuse.

“THE GREEN TRANSITION IS CENTRAL TO OUR GROWTH.

Johan Rafstedt, CFO at Autocirc.

2021 was characterised by growth and development for our still young organisation. With clear entrepreneurial drive backed up by robust ownership, the Group both grew and became stronger during the year. Adjusted EBITDA proforma increased by 25%* for our subsidiaries.



A stable upward curve

In addition to focusing on acquisitions, we have also worked intensively to ensure we have the necessary processes and policies in place. As we have adapted our head office to our growing Group, costs have also increased, but this has been offset by increased profitability in our subsidiaries.

*The company follows the business's proforma earnings based on consolidated earnings, in which all acquired companies are included in full for the reporting period. Adjusted EBITDA refers to EBITDA excluding acquisition costs incurred during the year.

Ready for further growth
Compliance and risk management are key priorities for our rapid growth, and we are careful to ensure we maintain quality and profitability. The structures are now in place to meet continued strong future growth, which we look forward to.

Our growth is funded by injecting equity and via bank financing.

A circular business pays off
The driving force behind our financial growth is largely based on the green transition that the world's economies are experiencing. It is clear to us that a sustainable circular model creates the necessary conditions to lead the industry in a long-term sustainable direction. Meanwhile we are consolidating the entire Group and the profitability, which gives us the necessary financial strength to be able to continue to grow, and the opportunity to make a positive contribution to shareholders as well as to a sustainable development.

Johan Rafstedt
CFO of Autocirc
Borås, March 2022

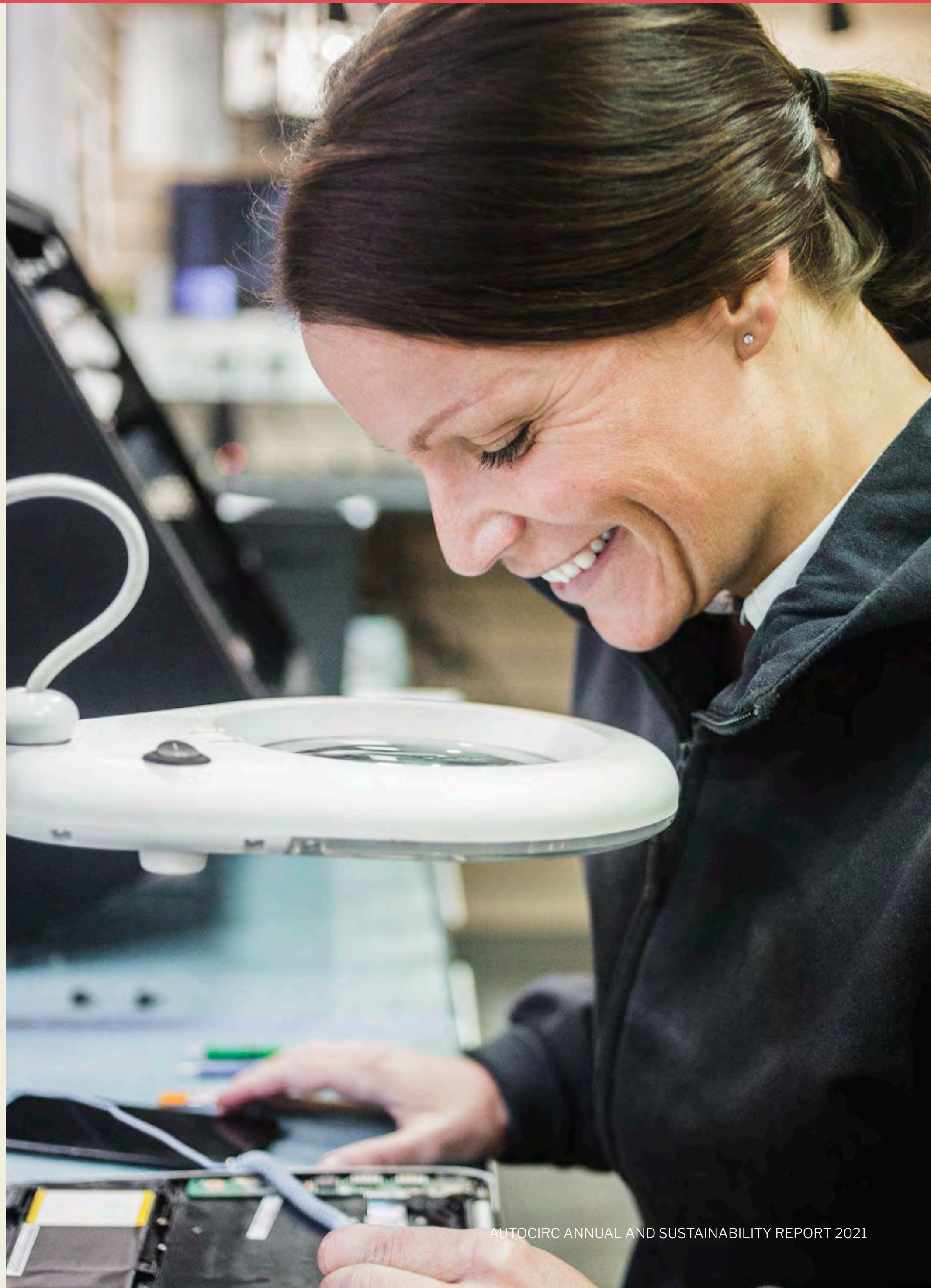
On the right track

To reduce our impact on the planet, we have to think along new lines, disrupt our traditional, linear economy and build a new, circular system. As a step in reducing the constant depletion of resources, Autocirc is keen to look at the possibility of moderating resource flows and replace new production with reuse and remanufacture, in order to reuse as much as possible of what has already been produced.

Moving forward for greater circularity

We have a head start compared with many other sectors when it comes to circular thinking. Due to the high purchase price, a damaged car is always examined to identify whether the damaged part can be repaired or replaced. In line with the circular economy, we all need to consider opportunities for reuse and repair. Maintenance and repairs are already something that our industry is actively engaged in, however, we are seeing a trend in the majority of repairs now being based on new production. We want to change this approach, and in the long run hopefully be able to inspire our sector to do the same, i.e. build on the circular concept.

Historically, the automotive aftermarket has been characterised by numerous small operators in a fragmented market with limited opportunities for trade between countries and low stock transparency, but high demand. In light of this, there are considerable opportunities to consolidate and streamline the market by linking the value chain and creating new synergies to satisfy the supply shortages in used parts that exist in the market today.



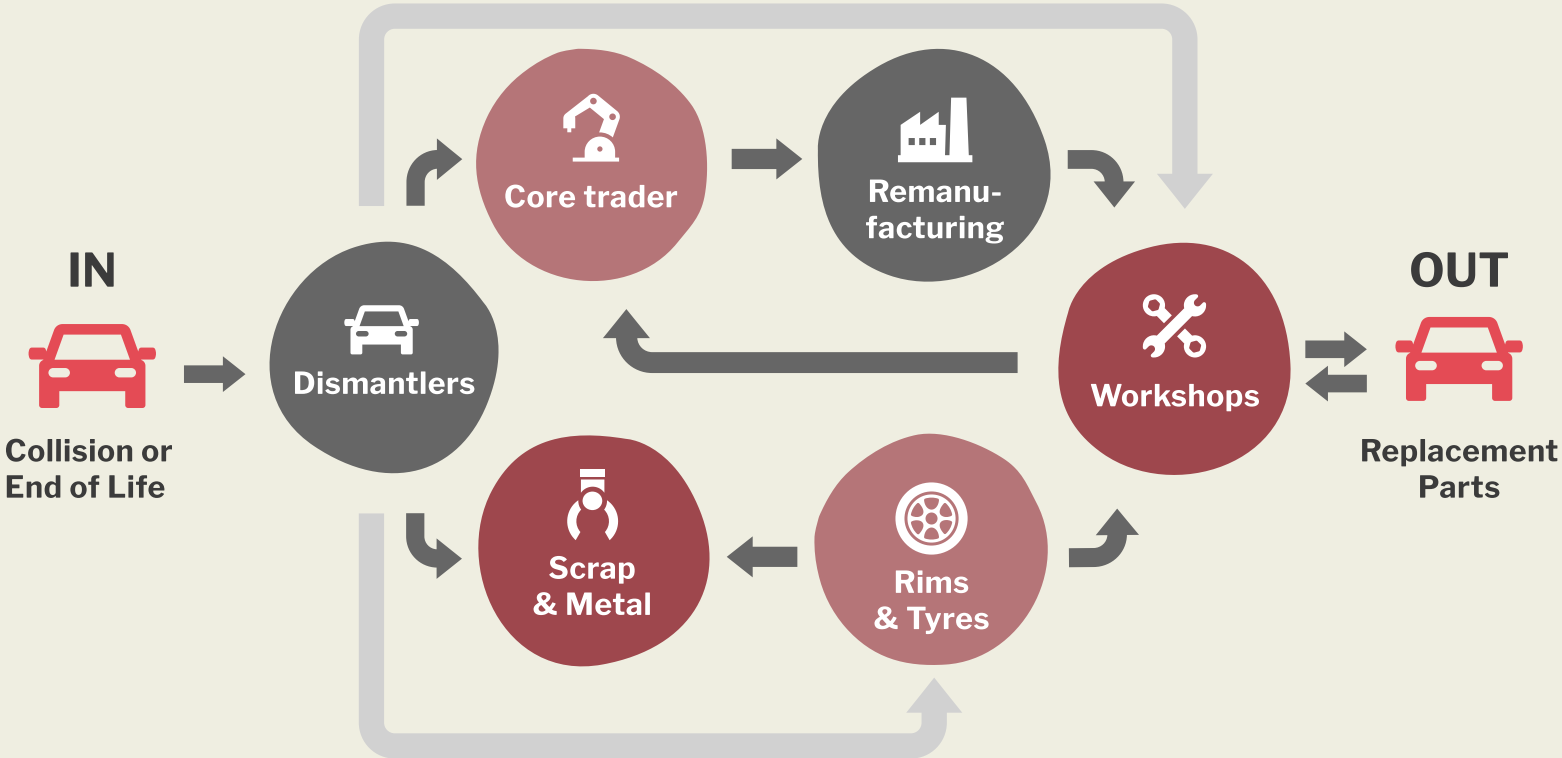
The hub in a circular reuse concept

We work in partnership with a number of independent operators, building a unique platform to link up the previously fragmented industry, in order to create circularity and supply the market with sustainable spare parts. We are strengthening the industry to reap economies of scale (e.g. via shared warehousing and sales organisations) by adding new companies to the platform and building an interconnected network. The network forms a circle comprising several segments: dismantlers, core traders, remanufacturers, workshops, scrap and metal traders, and tyre and rim specialists.

The circular concept works like this: Input products include various types of end-of-life vehicles, such as cars that have crashed and are beyond repair, TLV (Total Loss Vehicle), or ELV (End-of-Life Vehicle). Initially these vehicles go to our dismantlers, who identify the parts that can still be used either through reuse or repurposing, and the parts that can be used after remanufacture, but also any parts that cannot be reused and instead are recycled.

Within the circle and as part of the concept, there are also core unit distributors who trade parts that can be remanufactured, specialists who remanufacture parts for reuse, and scrap and metal traders who collect and sell material to reintroduce it as secondary raw materials. The circle also includes specific material processing specialists who are experts in mechanically processing end-of-life tyres in order to better prepare the components for recycling. Finally, there are workshops that also collect core units for remanufacture and are our ambassadors to the outside world, demonstrating the concept that car repairs do not have to be based on new production.

The aim of our circular concept is to create an ecosystem in which we connect the best companies in each segment and link them together to a single network. In this way, we bring the aftermarket together, building a unique group working to achieve a shared goal. For secondhand to be the first choice.



ROOM FOR A NEW GENERATION

We want to be the company that links up and unites the previously fragmented spare parts sector around a shared vision: that repairs do not need to involve replacing broken parts with new ones. We want to harness a vehicle's full potential for as long as possible. It's an approach that will guide us in our day-to-day operations and answer the question of why Autocirc is needed.

In our world, the future is the biggest winner

We believe the aftermarket today will not be a sustainable solution for the future. Current demands that are set to intensify going forward relating to sustainability and circularity will mean we will need to exploit the full potential and value of products for longer than has been done in the past. Researchers agree that the circular economy will be one of the solutions in achieving Agenda 2030, which purpose is to ensure lasting protection of the planet and its natural resources. Our business concept is one piece of the puzzle in this work, since our motto is Reduce, Reuse, Recycle in accordance with the EU's Waste Directive. When a vehicle arrives at one of our facilities, it is classed as waste according to SFS 2020:614 Waste Ordinance. But to us it is not waste, it is usable material. We focus on dismantling cars in a way that allows for reuse or repurposing, directly or via remanufacture. As part of this, we aim to reduce waste and harness the full potential of reuse. We also see opportunities to use our products in new production, both in the manufacture of new vehicles and products such as battery storage units. We believe that, as a Group, we can work together towards a single goal: sustainable development and ensuring the lasting protection of the planet and its natural resources.

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Aims and objectives

Our aim is to build and manage an automotive aftermarket company with a focus on the reuse of auto parts, while building a circular business model. Ultimately, we want to be the most sought-after and successful supplier of sustainable spare parts in Europe by 2025.

Our business concept

A growing population increases the need for more transportation, cars and car repairs. With our circular approach, we want to create more opportunities to be able to choose a better alternative to new production. Our ambition is to be able to offer recycled auto parts, both as spare parts and in new car production. We aim to enter more markets, develop our concept and thus make our offering available to more people. The need to reuse spare parts and exploit their full potential is not limited to the automotive industry.

VISION

We want to facilitate a sustainable future for our planet by promoting the potential of reusing vehicle components.

MISSION

We want to run an automotive aftermarket company that is entirely dedicated to the reuse of auto parts. This means that every day we endeavour to demonstrate that we are a reliable partner, striving to become the largest in this field in Europe by 2025.

VALUES

Our values reflect what we believe is important, and they apply to our entire business. Our watchwords are entrepreneurship, cooperation and sustainability.

COOPERATION

We want to build bridges between companies in the Group and harness our full potential. This creates trusting partnerships that last.

ENTREPRENEURSHIP

Our employees should be curious, creative, solution-oriented and keen to perfect our business. We aim for continuous improvement and encourage each other to try, learn and develop.

SUSTAINABILITY

Our culture is built on reuse, which we intend to pursue with consideration of people and the environment. We are promoting significant change in our industry, and our strategy is highly relevant to our success.

Biggest in Europe by 2025

Our objective is to manage an automotive aftermarket company that is entirely dedicated to the reuse of auto parts. Simultaneously, we are building a circular economy, with the aim of being the biggest operator in this field in Europe by 2025. Our efforts so far have achieved the following:

- We have been able to prove that the circularity within the eco-system has improved considerably with Autocirc, and that there is a clear correlation between earnings and greater circularity.
- We have managed to connect different parts of the ecosystem and created an effective organisational structure.
- We have become the largest recycler of automotive parts in Northern Europe.
- We have raised the standard in the industry and made the secondhand market the first choice.

Two parts of the value chain

Our strategy for the future can be illustrated with two different circles: the outer and the inner circle, describing our growth strategy and our value-adding strategy. The outer circle 1 describes our growth strategy. By acquiring the best companies in each segment and linking them to the Group, we create opportunities to expand our platform. The inner circle 2 indicates how we create our value chain and build a complete ecosystem, which is about connecting the flow of parts across the value chain to drive profitability and maximise the reuse of each part. We refer to connecting companies to our ecosystem and generating added value between them as circular effects.

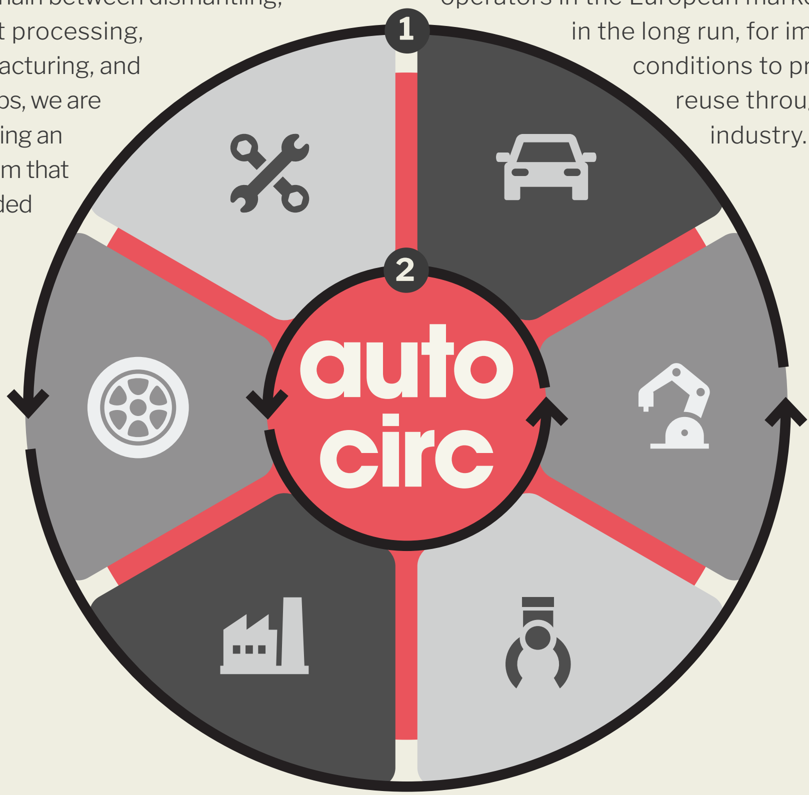
We reuse all auto parts for as long as there is demand on the market. This maximises profits throughout the entire value chain. By controlling significant sections of the value chain, Autocirc can return the maximum number of parts to the market at maximum profit. Overall value creation is primarily down to putting the whole chain together; refining and extracting more value from each dismantled vehicle through what we call our circular effects.

CIRCULAR EFFECTS

In our inner strategy circle 2, which is about creating value and building circular effects, it is important for us to constantly find new ways to streamline our collaboration within the Group.

By bringing together dismantlers, core unit distributors, remanufacturers, and workshops, we are creating a platform for a kind of collateral flow in which dismantlers send items for remanufacturing to core unit distributors, who are then able to build up bulk items that can be forwarded to remanufacturers, with the final destination being workshops where they are once again fitted to a vehicle. By creating a value chain between dismantling, core unit processing, remanufacturing, and workshops, we are establishing an ecosystem that gives added value.

The vehicle fleet varies in different parts of Europe. Certain types of vehicles and their spare parts are more common in other countries than in Sweden, an issue that can be addressed by linking the markets across national borders. That's why we also see potential for a consensus between the various operators in the European market and, in the long run, for improving conditions to promote reuse throughout the industry.



Leading by example

Our inner and outer circle approach means it is highly relevant to conduct our day-to-day operations in a sustainable way. To create and ensure a consistent way of working within the Group, we have developed governance documents, including a Code of Conduct, ESG standard, and GDPR process. The ESG standard builds on our Code of Conduct and aims to ensure good operational standards and stewardship of the company once they have been integrated into the Group and into our working practices, principles and policies. The standard aims to ensure that the entire Group grows as responsibly as possible and guides us in our sustainability efforts to reduce our process impact on the climate.

Prior to an acquisition, we always carry out due diligence to ensure that everything is in order with the potential acquisition. In connection with this, we also check that the business has the necessary permits. We carry out soil tests to ensure that the business has not contributed to soil contamination in the past.

“

BUILDING FOUNDATIONS TO LAST FOR MANY YEARS.

Jennica Thorin, COO of Autocirc.

We as a Group and I as Chief Operating Officer are convinced that the more we work together, the bigger the gains – both ecological and economic. Autocirc is built upon local operators with global goals. Our operating model is long-term and will always remain relevant and important. It's about optimising what already exists and exploiting its full potential in a circular way, which is completely independent of what kind of components or material compositions will be used in the future.

A service that will always be relevant
We can see that it is more important than ever now to use the resources we have and the products that have already been produced. We are building a unique platform consisting of several specialists who are experts in resource recovery and extended reuse. ▶▶

By linking several specialists, we create a group of generalists. The definition of a generalist is being knowledgeable in many fields – at Autocirc we work with our contractors to build a group of companies with specialist skills that span numerous different areas, creating a shared breadth of expertise and knowledge. Generalists can think in the abstract and manage unpredictable situations; a description that matches our Group well. As a group we have this broad skillset, which equips us for change and helps us to be adaptable. Together, and through our model, we are building foundations and a safety net to enable us to adapt to the changes and challenges affecting the industry, creating a group fit for both the present and the future.

Continually moving forward
For us, 2021 can be summed up as the year we began our journey forward together as a group; the year we started to bring our section of the market together to form a singe entity in order to improve conditions for more optimised use of parts and materials. Our impressive growth in 2021 generated opportunities for us to learn from each other and create improvements together internally. We have begun to share specialist skills and knowledge between businesses that have traditionally been separated, in order to increase opportunities and create conditions for a more efficient flow of parts and materials within the Group. We also do this in order to constantly improve and evolve for the better. One thing we promise all our stakeholders is that we will never stand idle. Welcome to Autocirc, part of something greater.

Jennica Thorin
COO of Autocirc
Borås, March 2022

A GROWING GROUP

2021 saw a number of acquisitions, which resulted in us becoming a group of 17 companies across Northern Europe by the end of 2021. These acquisitions are summarised below, along with businesses acquired up to April 2022. Acquisitions will continue throughout the year, while at the same time we will step up our efforts to implement internal strategies, circular projects and policies within the Group.

Our subsidiaries

2021
12
NEW COMPANIES ACQUIRED

ERIKSSONS BILBÄRGNING AB

- **About:** Car recovery firm located in Ytteresse, Finland, offering transportation and recovery services to dismantlers and workshops 24/7.
- **Established:** 1987.
- **Employees:** 9.
- **Sales 2021:** SEK 11.6 million.

PREMIER COMPONENTS UK LTD

- **About:** Buys and sells on core units for remanufacture, based in Stratford-upon-Avon, UK.
- **Established:** 1992.
- **Employees:** 44.
- **Sales 2021:** SEK 157.2 million.

STYRDON I SVERIGE AB

- **About:** Programming and remanufacturing of engine controllers, based in Vimmerby, Sweden.
- **Established:** 2016.
- **Employees:** 1 consultant.
- **Sales 2021:** SEK 1.3 million.

JÄMTLAND BILDEMONTERING AB

- **About:** Car dismantler located in Östersund, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1978.
- **Employees:** 20.
- **Sales 2021:** SEK 34.5 million.

REDOX BILDELAR AB

- **About:** Car dismantler based in Skepplanda, Sweden, specialising in sales of sustainable used original parts and sales of reused quality tyres, wheels and rims.
- **Established:** Beginning of the 1980s.
- **Employees:** 10.
- **Sales 2021:** SEK 10.7 million.

SVENSK BILÅTERVINNING AB

- **About:** Car dismantler located in Odensbacken, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 2001.
- **Employees:** 17.
- **Sales 2021:** SEK 48.6 million.

KUNGSÅRA BILDEMONTERING AB

- **About:** Car dismantler located outside Västerås, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1966.
- **Employees:** 25.
- **Sales 2021:** SEK 64.5 million.

REDOX MILJÖHANTERING AB

- **About:** Material processing facility located in Sollebrunn, Sweden, engaged in the mechanical processing of end-of-life wheels for the purpose of preparing tyres and rims for recycling.
- **Established:** 1994.
- **Employees:** 10.
- **Sales 2021:** SEK 28.9 million.

UBD CLEANTECH AB

- **About:** Remanufactures electronic components and diesel particulate filters using a patented method. The business is based in Höör, Sweden.
- **Established:** 1970.
- **Employees:** 23.
- **Sales 2021:** SEK 25.8 million.

AUTOPALTSA OY

- **About:** Car dismantler located in Björneborg, Finland, specialising in sales of sustainable used original parts.
- **Established:** 1969.
- **Employees:** 9.
- **Sales 2021:** SEK 10.7 million.

NORDIC MOTOR CENTER AB

- **About:** Sales of remanufactured, used engines and gearboxes, based in Höganäs, Sweden.
- **Established:** 2009.
- **Employees:** 5.
- **Annual sales:** SEK 35.2 million.

REWINNER AB

- **About:** Trading business based in Stockholm, Sweden, which trades scrap and metal with the aim of reintroducing recycled material and waste materials to the market as secondary raw material.
- **Established:** 2018.
- **Employees:** 1.
- **Sales 2021:** SEK 58.7 million.

VIMMERBY BILDEMONTERING AB

- **About:** Car dismantler located in Vimmerby, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1998.
- **Employees:** 19.
- **Sales 2021:** SEK 43.8 million.

ERIKSSONS BILDELSÅTERVINNING & VERKSTAD AB

- **About:** Car dismantler and workshop located in Ytteresse, Finland, specialising in sales of sustainable used original parts and repairs/servicing. The workshop focuses on body repairs and paintwork.
- **Established:** 1994.
- **Employees:** 21 (parts recycling) + 11 (workshop).
- **Sales 2021:** SEK 41.2 million.

NORRBOTTENS BILDEMONTERING AB

- **About:** Car dismantler located outside Storsund, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1973.
- **Employees:** 24.
- **Sales 2021:** SEK 46.2 million.

RIIHIMÄEN AUTO-OSAT OY

- **About:** Car dismantler located in Riihimäki, Finland, specialising in sales of sustainable used original parts.
- **Established:** 1962.
- **Employees:** 3.
- **Sales 2021:** SEK 0.3 million.

ØSTFOLD BILDEMONTERING AS

- **About:** Car dismantler and workshop located in Grålum, Norway, specialising in sales and fitting of sustainable used original parts.
- **Established:** 1984.
- **Employees:** 28.
- **Sales 2021:** SEK 62.7 million.

2022
9
NEW COMPANIES TO DATE

JANUARY

ALINGSÅS BILDELAR AB

- **About:** Car dismantler located in Alingsås, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1969.
- **Employees:** 28.
- **Sales 2021:** SEK 35 million.

WALTERS BILDELAR AB

- **About:** Car dismantler located in Falkenberg, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1998.
- **Employees:** 28.
- **Sales 2021:** SEK 58 million.

FEBRUARY

BIL & SKADESERVICE AB

- **About:** Workshop chain located in Skåne, southern Sweden, which handles and repairs all types of damage including collision, paintwork, glass, fire and theft damage to cars.
- **Established:** 1976.
- **Employees:** 46.
- **Sales 2021:** SEK 81.9 million.

FRYKMALM I KARLSTAD AB

- **About:** Car dismantler located in Karlstad, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1974.
- **Employees:** 23.
- **Sales 2021:** SEK 22 million.

SVENSSONS BILDEMONTERING AB

- **About:** Car dismantler located in Kristianstad, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1991.
- **Employees:** 30.
- **Sales 2021:** SEK 40 million.

MARCH

BILDELSLAGRET I LIDKÖPING AB

- **About:** Car dismantler located in Lidköping, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1991.
- **Employees:** 11.
- **Sales 2021:** SEK 19.5 million.

BILDELSLAGRET I TROLLHÄTTAN AB

- **About:** Car dismantler located in Trollhättan, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 2015.
- **Employees:** 8.
- **Sales 2021:** SEK 16 million.

MAGNUS BILDEMONTERING AB

- **About:** Car dismantler located in Trelleborg, Sweden, specialising in sales of sustainable used original parts.
- **Established:** 1993.
- **Employees:** 10.
- **Sales 2021:** SEK 13.1 million.

APRIL

SKJEBERG BILOPPHUGGERI AS

- **About:** Vehicle dismantler located in Borgenhaugen, Norway, specialising in sales of sustainable used original parts.
- **Established:** 2015.
- **Employees:** 6.
- **Sales 2021:** SEK 8 million.

A WEALTH OF EXPERIENCE

EST.

1962
RIIHIMÄEN AUTO-OSAT

1966
KUNGSÅRA BILDEMONTERING

1969
AUTOPALSTA
ALINGSÅS BILDELAR

1970
UBD CLEANTECH

1973
NORRBOTTENS BILDEMONTERING

1974
FRYKMALM I KARLSTAD

1976
BIL & SKADESERVICE

1978
JÄMTLAND BILDEMONTERING AB

1980
REDOX BILDELAR

1984
ÖSTFOLDS BILDEMONTERING

1987
ERIKSSONS BILBÄRGNING

1991
BILDELSLAGRET
SVENSSONS BILDEMONTERING

1992
PREMIER COMPONENTS UK

1993
MAGNUS BILDEMONTERING

1994
REDOX MILJÖHANTERING
ERIKSSONS BILDELSÅTERVINNING/VERKSTAD

1998
WALTERS BILDELAR
VIMMERBY BILDEMONTERING

2001
SVENSK BILÅTERVINNING

2009
NORDIC MOTOR CENTER

2015
SKJEBERG BILOPPHUGGERI

2016
STYRDON

2018
REWINNER

TRANSFORMING THE INDUSTRY

Like any business, Autocirc's business is associated with several risks that can affect the Group's ability to deliver on its strategies and achieve its goals. Balanced risk management can create both opportunities and competitive advantages.

Our definition of risk is a future event that could potentially threaten the organisation's ability to achieve its vision and long-term goals. In order to minimise risks and their negative impact, the Group works on the basis of a process in which risks are continuously identified, managed and monitored. The identified risks are categorised into external, operational, financial, compliance and climate risks, which are assessed on a three-point scale based on consequences and likelihood.

EXTERNAL RISKS

External risks are mainly due to factors outside Autocirc's own operations. One example of this is the macroeconomic trend in the Group's main market, which can impact opportunities to achieve established goals. External risks can be mitigated and managed to some extent through careful analysis and strategic choices.

OPERATIONAL RISKS

Operational risks arise in day-to-day operations and are mainly within Autocirc's control. Operational risks are managed through policies and guidelines, as well as clear processes and shared values.

FINANCIAL RISKS

Financial risks refer to risks arising from changes in financial conditions. These are managed by the Group's financial management according to the guidelines in the Financial Handbook. It is possible to reduce the level of risk and achieve cost-effective financing by securing and controlling risks centrally.

LEGAL COMPLIANCE RISKS

Legal compliance risks refer to risks related to relevant legislation. Ongoing monitoring of legislation, regular compliance checks and systematic approaches reduce the risk of non-compliance with legal and regulatory requirements.

CLIMATE RISKS

Climate risks refer to the economic consequences of the risks associated with an economy with low carbon dioxide emissions and physical climate risks. Climate risks can be mitigated and managed to some extent with careful analysis and strategic decisions.

External risks

1. ECONOMIC IMPACT

Consequence: Low

Likelihood: Likely

Risk management: The market for reuse, re-manufacture and recycling, which is Autocirc's main market, has historically remained stable even when the economy is weak. Furthermore, the Group's client portfolio and geographical diversification help spread any risk exposure. As a preventive measure, we actively engage in market analysis and develop adaptation strategies to manage a market in flux and changing conditions in the future.

2. INDUSTRY CHANGES

Consequence: Medium

Likelihood: Likely

Risk management: The automotive industry is constantly changing, which has a considerable impact on us as an aftermarket operator. With a changing fleet, new vehicles will need to be dismantled, which may bring new risks and a heightened need for new processes and process tools, which may require greater investment in training, facilities and equipment for us. As a group, we are committed to being at the forefront of the market to meet the demands and expectations of our stakeholders.

Operational risks

3. PROJECTS

Consequence: Low

Likelihood: Likely

Risk management: In a changing market, it is important for us as a group to pursue and be part of various industry-specific projects. Autocirc endeavours to identify and prevent project and production risks. Autocirc also actively recruits the right people for the right projects, which means that the employees working on a project have the necessary expertise and experience. If the required skills are not available within the Group, we have a wide network of contacts who can help us. If a problem arises in a project, it is initially dealt with by the subsidiary concerned, but if necessary the COO can be involved.

4. ACQUISITIONS

Consequence: Low

Likelihood: Likely

Risk management: Autocirc has completed 17 acquisitions since the company was founded in 2019, and we are continually honing our acquisition strategy to keep pace with our growth. The Group identifies potential candidates based on our knowledge of the industry. Autocirc has a well-established integration model that is applied to new acquisitions, ensuring an effective onboarding process, a good level of ESG and integration into our financial reporting.

5. SKILLS SUPPLY

Consequence: Low

Likelihood: Likely

Risk management: The Group strives to be an attractive employer, offering good working conditions, capable leaders and safe and secure workplaces that provide employees with opportunities for professional development. We also endeavour to be at the forefront when it comes to sector expertise and good health and safety.

Operational risks, continued.

6. SUPPLIERS

Consequence: Medium

Likelihood: Possible

Risk management: It is essential that as far as possible we only work with suppliers who comply with our principles and guidelines as set out in our Code of Conduct. We do this to ensure that we live up to the standards we have set for environmental, social and business ethics throughout the Group.

7. ACCIDENTS AT WORK AND WORKING CONDITIONS

Consequence: High

Likelihood: Possible

Risk management: Autocirc's operations are subject to extensive laws and regulations aimed at maintaining a safe working environment. Within the Group, we work according to an ESG standard where we have set a common standard for the Group's working environment and health and safety management. Injuries and accidents will be prevented by each subsidiary identifying potential health and safety risks and formulating a plan to prevent them.

Financial risks

In order to minimise financial risks and improve financial control and reporting within the Group, we have developed a Financial Handbook. This contains information on our policies, instructions and other documentation that serves to guide and support our ongoing financial management work. The Handbook aims to ensure a consistent interpretation of financial procedures throughout the Group and in all internal and external financial reporting.

8. IMPAIRMENT OF ACQUISITION-RELATED INTANGIBLE ASSETS

Consequence: Low

Likelihood: Possible

Risk management: Autocirc's acquisitions department and Board of Directors have wide-ranging experience in acquiring and evaluating companies. All potential candidates are carefully screened and assessed based on clear criteria before the acquisition is completed. The Group continually monitors the general economic situation and potential impact it may have on the Group's goodwill.

9. INTEREST RATE RISK

Consequence: Medium

Likelihood: Possible

Risk management: The Group monitors interest rates in order to minimise interest rate exposure.

10. LIQUIDITY RISK

Consequence: Medium

Likelihood: Unlikely

Risk management: Sufficient liquidity for operational activities must always be available for all companies in the Group. This is managed and ensured via rolling monthly forecasts for cash flows and liquidity. The Group has managed to maintain a healthy liquidity status during the year owing to liquidity-boosting measures such as new share issues.

Financial risks, continued.

11. CREDIT RISK

Consequence: Low

Likelihood: Possible

Risk management: All companies in the Group should aim to minimise and prevent their exposure to credit risk linked to trade receivables from clients.

12. FOREIGN EXCHANGE RISK

Consequence: Low

Likelihood: Possible

Risk management: The bulk of Autocirc's transactions are conducted in the local currency of the respective country (transaction exposure). Minor exposures to fluctuations in foreign exchange rates may arise from balance sheet exposures at Group level from the non-Swedish subsidiaries. Autocirc's total foreign currency exposure is currently extremely low, but it is expected to increase as the Group grows in line with our strategy.

13. INSURANCE

Consequence: High

Likelihood: Possible

Risk management: We take out and obtain insurance for all operations within the Group. We are reviewing existing insurance coverage in connection with acquisitions to ensure adequate insurance coverage prior to integration into the Group. If insurance coverage is not obtained on the correct terms, the Group could be exposed to material uninsured losses, which could have an adverse effect on its business and financial position. We strive to identify and monitor this type of risk and implement appropriate measures to mitigate its impact. This is a recurring process that adjusts to changes in risk and operating environment.

Legal compliance risks

14. GENERAL DATA PROTECTION REGULATION

Consequence: High

Likelihood: Possible

Risk management: The Group is subject to data protection laws in the jurisdictions in which Autocirc has operations. The EU's General Data Protection Regulation, GDPR, has introduced increased penalties for breaches of the regulation. Non-compliance with data protection laws may expose the Group to fines that could potentially lead to authorities issuing instructions to stop the processing of personal data. The Group may also face litigation from individuals alleged to have suffered data breaches. GDPR violations could have serious adverse effects on the business, including reputational damage and a negative impact on the Group's earnings and financial position. The Code of Conduct emphasises the importance of compliance with data protection legislation and a compliance process has been established at Group level. It is then down to each company's own management to handle GDPR implementation, monitoring and compliance.

15. CORRUPTION AND NON-COMPLIANCE WITH COMPETITION LAW

Consequence: High

Likelihood: Unlikely

Risk management: Through our risk inventory, we conclude that risks related to corruption and non-compliance with competition law are low in our area of operations. Risks that we have identified are related to cash handling, which we are actively working to remove within the Group. Our Code of Conduct, which defines the principles and standards for how we behave, how we conduct our business and how we interact with stakeholders, sets out our approach to combating corruption and ensuring fair competition.

Our Code of Conduct also details how we deal with any breaches of the Code and international law. It also refers to our whistleblowing channel, which allows employees and stakeholders the opportunity to report suspected breaches for further action.

Climate risks

16. TRANSITION TO A LOW-CARBON ECONOMY

Consequence: Medium

Likelihood: Likely

Risk management: We believe the transition to a low-carbon economy will lead to greater demand for our products, as they will be regarded as more attractive alternatives in this type of economy. We also recognise that we will need to invest in new technology, as existing technology may not meet the standards required in a future low-carbon economy. To ensure a smooth transition that does not put undue strain on the economy, it will be essential to make these types of investments on an ongoing basis.

17. PHYSICAL CLIMATE RISKS

Consequence: High

Likelihood: Likely

Risk management: The effects of a changing climate are predicted to initially contribute to more extreme weather events and its chronic effects are predicted to be changes in precipitation patterns, rising average temperatures, increased erosion and landslide risk, and changing wind patterns. To ensure that our business operations are not disrupted by a changing climate, it is important to prepare now and equip ourselves with buildings and resources to meet the challenges of the future. We are also actively working on a group-wide business continuity plan to ensure delivery even in the event of unforeseen events.

THE MOST IMPORTANT POINT ON THE AGENDA

Sustainability is the core element of Autocirc's operations. It helps us find the right direction in our efforts to achieve a smarter auto parts industry. Together with our subsidiaries, we minimise material waste and optimise the reuse of sustainable spare parts. It's a business model that will always be relevant; for our customers, partners and particularly for future generations.

It's all in the detail

When old auto parts are given a new life and leftover materials are recycled and transformed into new products, we create a smart reuse cycle that minimises waste and reduces our ecological footprint. Every part counts. And our work for the future begins in the detail.

> We are convinced that small-scale measures can create global solutions.
>
> **Hanna Wadsten**
> CSO of Autocirc

In 2021, our sustainability work really took off and we established a sustainability policy setting out what it means for everyone working in the Group. We believe sustainability should be a fundamental and guiding principle for all activities within Autocirc. We will strive to identify sustainable solutions in everything we do and show consideration for the well-being of society and the future of our planet.

Autocirc is strongly committed to ensuring its activities contribute to sustainable development, taking account of environmental, social and business ethics aspects. Our ambition is to create a company that is entirely dedicated to reuse, repurposing and recycling in an environmentally, socially and commercially responsible way.

We strive to operate in accordance with the precautionary principle of the Environmental Code, which means that the risk of adverse effects on human health or the environment entails an obligation to take action to prevent a disruption, and it will ensure that we do not engage in anything that violates our Code of Conduct and may cause unnecessary impacts on people and the environment.

A sustainable route to Agenda 2030

The world's natural resources are limited and economic activity is increasing rapidly on a global scale. This creates strong incentives to rethink existing patterns of manufacturing and transport.

The UN's Sustainable Development Goals (SDGs) and Agenda 2030 aim to eradicate poverty and hunger, ensure the rights of all people are respected, achieve equality and empowerment for all women and girls, and ensure lasting protection
for the planet and its natural resources. Autocirc's operations are linked to two of the SDGs, namely goal 12 and 13.

People today consume far more than our planet can handle. The transition to sustainable consumption and production is vital if we are to have any chance of meeting the needs of future generations. Sustainable consumption and production are therefore essential to the transition to a green economy and for sustainable development. Autocirc's operational work is focused on creating the conditions for sustainable consumption based on the recovery and reuse of products that have already been produced. By continually optimising our processes and developing our use of resources, we are working to promote sustainable consumption in the future, and by reintroducing materials to the market as secondary raw materials, we are creating the foundations for more sustainable production.

Greenhouse gas emissions continue to rise and risk leading to average global warming exceeding two degrees. At Autocirc, we endeavour to increase knowledge and awareness within the Group in several ways by optimising our process flows and our use of resources. This includes our resource-efficient, energy-optimising and water-saving activities.

Sustainability work in 2021 resulted in the implementation of a number of measures, which will be further enhanced over the next few years. These measures are divided into five categories: resource efficiency, energy efficiency, saving water, health and safety, and ESG.

MEMORABLE MILESTONES

Resource efficiency

Industry-specific measures:

- Increased material recycling from dismantled electronics – we have been actively examining the material composition of defective controllers to ensure better material recovery and recycling.
- Process development and time and resource efficiency of the tyre and rim sorting process.
- Digitisation of client and supplier invoices in order to reduce paper consumption.

Health and safety

Industry-specific measures:

- Leadership development of the management team.
- Conducting social protection inspections to minimise and/or prevent various forms of discrimination.

Saving water

Industry-specific measures:

- Upgrading and restructuring of cleaning facilities, installation of low-flow hoses to cut water consumption.

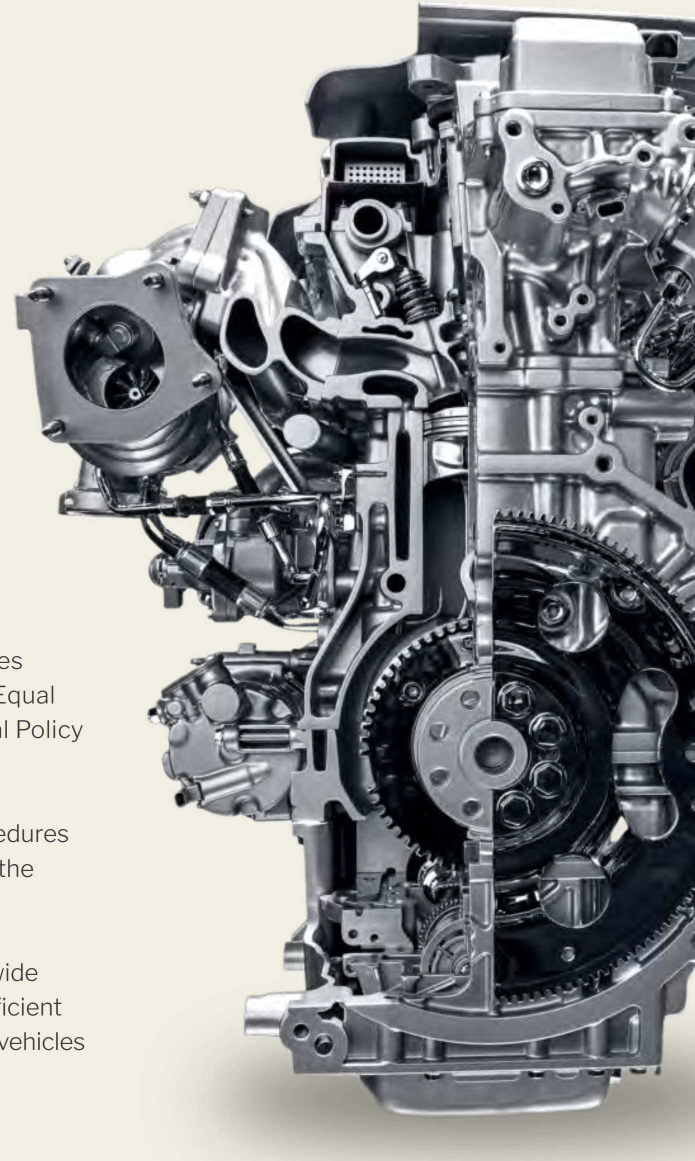
Energy efficiency

Industry-specific measures:

- Insulation of roofs and walls to reduce heat emissions.
- Energy and climate analysis.
- Installation of district heating to reduce energy consumption. Upgrades to doors and gates in order to reduce heat emissions.

Group-wide ESG measures

- Continued skills development regarding the UN SDGs, and started work on implementing measurable sustainability targets within the Group.
- Implementation and auditing of suppliers based on the adopted Code of Conduct.
- Developed a group-wide ESG standard with the aim of establishing a consistent ESG level across the Group.
- Established a group-wide climate risk analysis to ensure we work progressively on the risks identified in the context of the transition to a low-emission economy and the physical impacts of climate change.
- Implemented group-wide policies including: Sustainability Policy, Equal Treatment Policy, Environmental Policy and Human Rights Policy.
- Established whistleblowing procedures to promote transparency across the Group.
- Ongoing updating of the group-wide vehicle fleet, prioritising more efficient work equipment (EUR 6), electric vehicles and plug-in hybrids.



A proactive movement we want to be a part of

2021 was a special and eventful year for the Group, to say the least. Despite the ongoing pandemic to which we have had to adapt, Autocirc, together with its subsidiaries and other partners, has continued to make progress towards a more sustainable automotive industry. 2021 was dominated by growth but also by managing and creating of additional value. Upcoming projects are linked to our sustainability work for 2022.

- We will continue to conduct supplier audits as our business expands.
- Conduct comprehensive energy analyses in the Group with a view to introducing further energy efficiency improvements.
- Develop our ESG strategy in more areas where we have the potential to grow.
- Develop more projects to optimise the lifespan of various types of spare part and material recycling.

"

WHY REINVENT THE WHEEL?

Hanna Wadsten, CSO of Autocirc.

It's a simple question, but it's worth asking again and again. In today's climate, how can we justify, both physically and politically, continuing to base business on new production? Why aren't we using what has already been produced? Our approach ensures that more auto parts are introduced into the spare parts market instead of being scrapped and replaced by new production. We utilise what is already out there on the market. This reduces both waste and the need for new production – a recycling concept in all its simplicity. ▶▶

Good enough is not enough

For Autocirc, 2021 was characterised by a distinct Buy & Build strategy and steady establishment of the Group's structure and standards. As a result we have also started to develop our group-wide ESG work. Our Group of companies comprises independent, professional and talented entrepreneurs that prior to integration into the Group had already been actively working on creating conditions for extending the life of components and material. We have now added a group-wide Code of Conduct, ESG standard and GDPR process to ensure a sound structure and compliance.

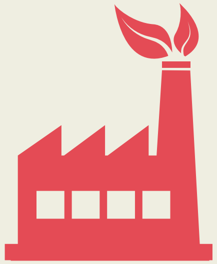
As a result of our sustainability work in 2021, which included analysing our emissions in the three scopes, taxonomy calculations and the development of a materiality and risk analysis, we have gained a good understanding of where our Group impact is today and what we should focus on going forward. By building a group-wide sustainability strategy for the future, we are generating opportunities to be compliant with the taxonomy and improve our performance. It will be even more important for us to build on our circular model while ensuring that we can do so in a safe and resource-optimised way, without causing unnecessary harm to people and the environment.

As CSO, I'm proud to be part of a group that is actively adopting the Waste Hierarchy: reduce, reuse, recycle. With our business model, which links up operators from the automotive aftermarket, we ensure that more parts stay on the market for as long as possible. We create the conditions for more efficient reuse and material recycling. We are local operators with global environmental goals, aiming to make the secondhand market the first choice. Join us!

Hanna Wadsten
CSO of Autocirc
Borås, March 2022

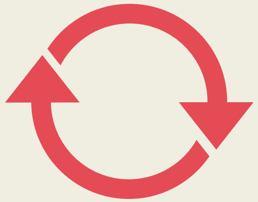
THE BEST INVESTMENT IN THE WORLD

THE SIX ESTABLISHED ENVIRONMENTAL OBJECTIVES



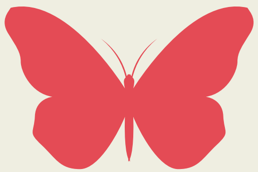
CLIMATE CHANGE MITIGATION

CLIMATE CHANGE ADAPTATION



TRANSITION TO A CIRCULAR ECONOMY

SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES



PROTECTION AND RESTORATION OF BIODIVERSITY AND ECOSYSTEMS

POLLUTION PREVENTION AND CONTROL

The EU's green taxonomy

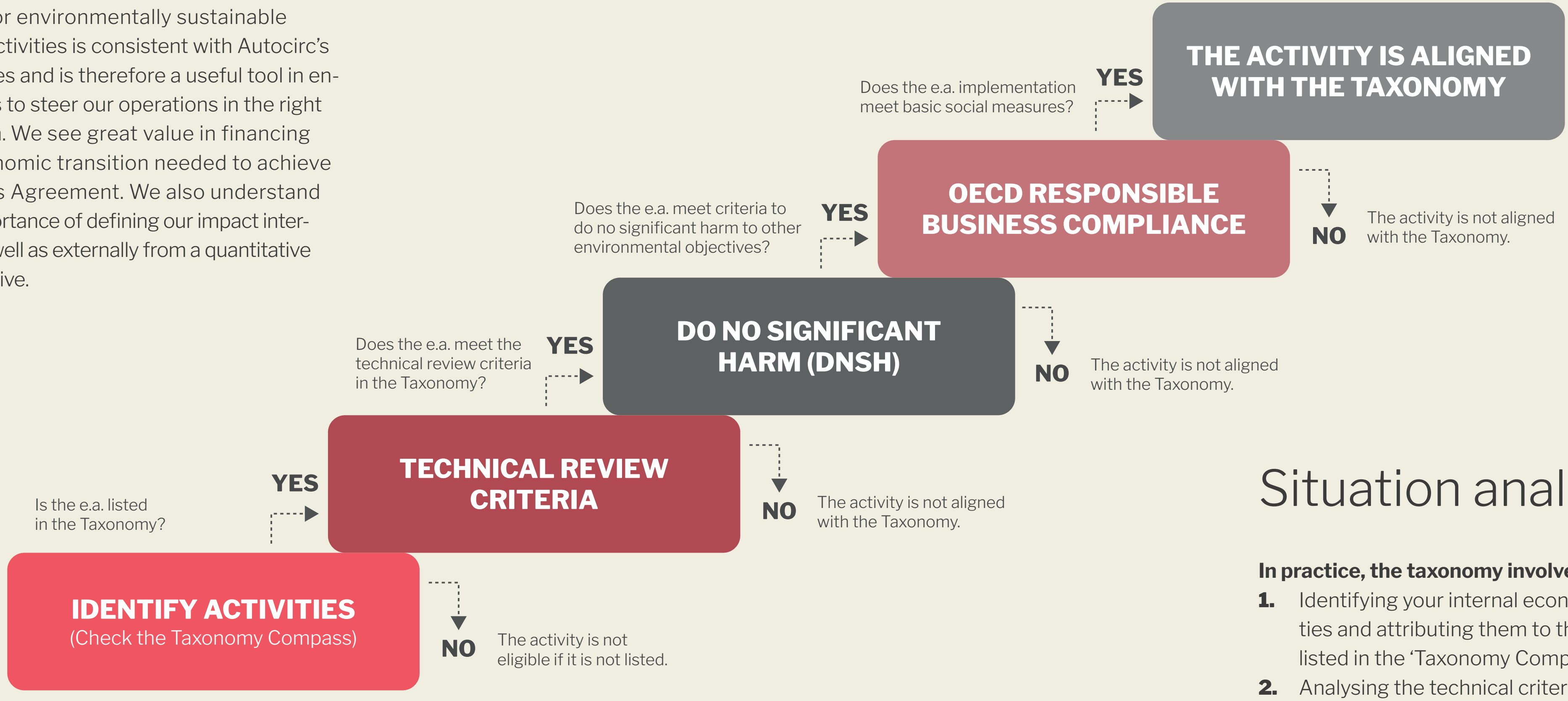
June 2020 saw the publication of the EU's green taxonomy regulation, providing a framework for determining which economic activities can be defined as environmentally sustainable. For a particular economic activity to be classified as environmentally sustainable, it must contribute significantly to one or more of the six identified environmental objectives, not cause significant harm to any of the other objectives and meet certain minimum sustainability requirements. It also requires compliance with more detailed conditions, known as Technical Screening Criteria, set by the European Commission in delegated acts to the Regulation. The taxonomy aims to establish a common understanding of what constitutes a green economic activity based on a number of objective criteria. It translates the EU's climate and environmental objectives for the purpose of achieving the Paris Agreement under the European Green Deal[1].

The purpose of the taxonomy is to help investors identify and compare sustainable investments.

[1]The European Green Deal is an EU initiative and one of the EU Commission's six priorities for 2019–2024 that were presented on 11 December 2019. The aim is for the EU to be the world's first climate-neutral continent by the year 2050. And it's an important element of the Commission's strategy for implementing the SDGs under the remit of Agenda 2030.

What does it mean for us?

The taxonomy's classification system for environmentally sustainable activities is consistent with Autocirc's objectives and is therefore a useful tool in enabling us to steer our operations in the right direction. We see great value in financing the economic transition needed to achieve the Paris Agreement. We also understand the importance of defining our impact internally as well as externally from a quantitative perspective.



Situation analysis

In practice, the taxonomy involves:

1. Identifying your internal economic activities and attributing them to the activities listed in the 'Taxonomy Compass'.

2. Analysing the technical criteria for these economic activities.

3. Ensuring an activity does no significant harm (DNSH) to any of the other objectives.

4. Ensuring OECD compliance for businesses.

Intensive taxonomy training

The EU has divided up the taxonomy into several sections so that it can be applied and identified by more industries. The table below outlines our work and the relevant economic activities we have identified that are linked to our business in 2021.

During the year, Autocirc has participated in training in the taxonomy, which involved understanding how our primary economic activities match the taxonomy. The work done included general training for the Parent Company employees, identification of activities and coaching and conclusions.

ACTIVITY NUMBER	According to taxonomy	Eligible activity	Explanation	%
ELIGIBLE ACCORDING TO TAXONOMY				
5.9	Material recycling from non-hazardous waste.	Dismantling of scrapped vehicles.	Vehicle dismantling (of non-hazardous waste) with the aim of reusing and reselling sustainable used original parts.	53
5.9	Material recycling from non-hazardous waste.	Handling of non-hazardous waste.	Dismantling of used tyres for reuse and recycling. Also sale of spare parts.	14
5.9	Material recycling from non-hazardous waste.	Repairs to manufactured metal products.	Vehicle dismantling with the aim of reusing and reselling sustainable used metal parts.	27
9.1	Close market analysis, development and innovation.	Commercial and consulting activities.	Development of a circular system, and research and development into how to optimise dismantling within the Group.	0.1
NOT ELIGIBLE ACCORDING TO TAXONOMY				
	Material recycling from hazardous waste.	Dismantling of scrapped vehicles.	Purchase and drainage of vehicles classified as hazardous waste.	3.9
	Vehicle transportation.		Transportation of vehicles from workshops and accident sites to dismantlers.	2
				100

As a result of the training we have been able to identify the main activities that are eligible according to the taxonomy, and understand the percentage of sales they represent. This gives Autocirc a comprehensive understanding of the percentage of our investments that qualify for reporting.

According to our calculations for step 1 of the taxonomy process, approximately **94%** of Autocirc's total sales for 2021 is **eligible under the taxonomy**. So this means that around 94% of our sales was attributable to activities that are listed as economics activities and classified as environmentally sustainable.

However, we consider those activities not linked to the taxonomy's green economic activities to be relevant to our value chain and the environment in general, to enable us to achieve our business objectives. Hazardous waste management is not currently classified as an environmentally sustainable activity according to the taxonomy, although it could be regarded as an important activity in order to transform something previously classified as hazardous into usable resources.

Our initial work on taxonomy reporting has focused on the two established environmental objectives, but we look forward to developing our work and approaching the remaining steps over time.

The next step forward

Our continued work with the taxonomy will be ongoing, with close monitoring of the development of relevant criteria for the next four environmental objectives and covering steps 2–4 in the process. The results will then be processed using annual targets, where we will strive to be compliant with the taxonomy for those of our economic activities that are listed under the taxonomy.

Green calculations from the past year

To understand, quantify and analyse the Group's ESG performance and our emissions, we collect annual data, or scorecards, from all our companies. Carbon footprint is reported by scope according to the GHG Protocol:

Scope 1 = Includes direct emissions from owned or controlled sources, such as greenhouse gases from vehicles and machinery operated by the business.
Scope 2 = Includes indirect emissions from production of electricity, heat and cooling.
Scope 3 = Includes all other indirect emissions that occur within the Group's value chain.

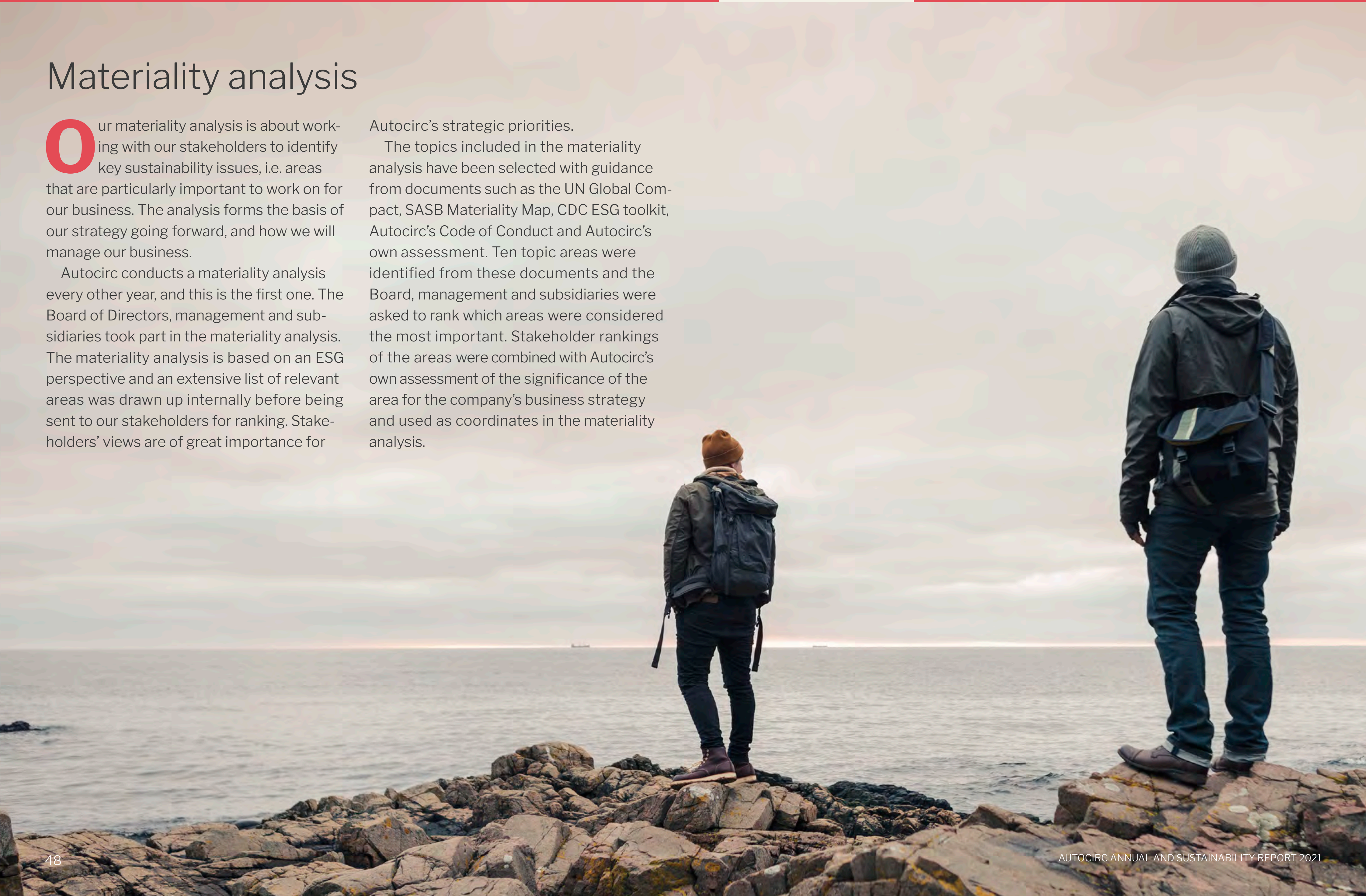
For 2021, data was collected for Scope 3 in the following categories:

- Purchased goods and services
- Fuel and energy related activities not included in Scope 1 or Scope 2
- Upstream transportation and distribution
- Waste generated in operations
- Business travel
- Employee commuting
- Downstream transportation and distribution

GROUP KEY DATA

	2021 (18 companies)	2020 (6 companies)
Scope 1 emissions, tCO_2e	1,403.4	453
Scope 2 emissions, tCO_2e	407.2	189
Scope 3 emissions, tCO_2e[1]	6,309.8[2]	n/a
Group CO_2e intensity (tCO_2e/sales SEK million)[3]	13.2	n/a
Water consumption, m3	8,575	922
Energy consumption, MWh	2,798	556
% of collected material sorted	100%	100%
Employees	286	54
Of which women	41	5
Number in management teams	50	n/a
Of which women	12	n/a
Employee satisfaction	82.4%	n/a
Sickness absence %	4.7%	2.8%
Skills development among employees (% participants)	58%	n/a
Certifications	Certified sites within the Group: 50%	ISO 9001: 25% of Group sites ISO 14001: 50% of Group sites

[1]Calculated according to comprehensive GHG Protocol.
[2]The calculations show a standard value for the Group based on calculations for Norrbottens Bildemontering AB.
[3]Includes Scope 1, 2 & 3 emissions.



Materiality analysis

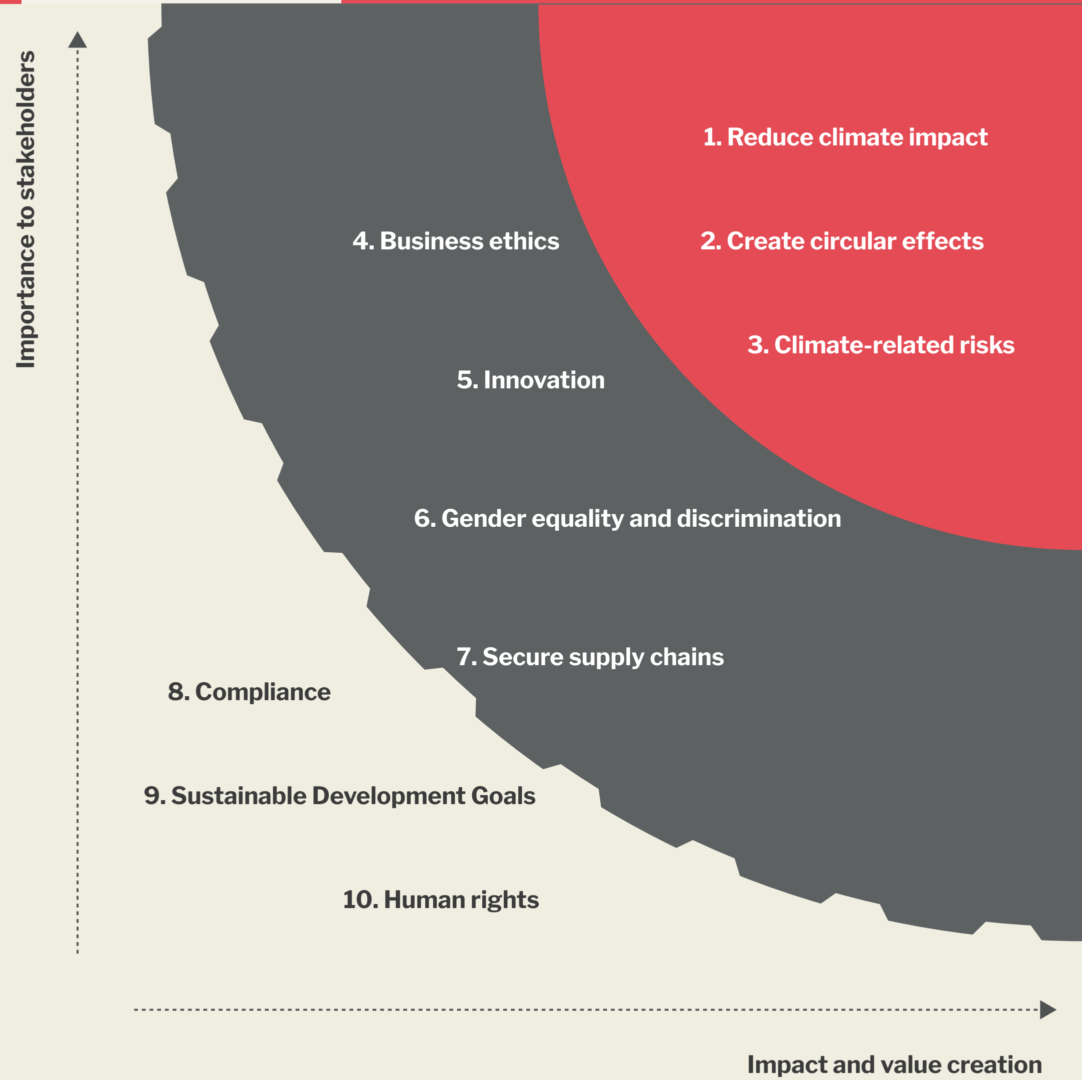
Our materiality analysis is about working with our stakeholders to identify key sustainability issues, i.e. areas that are particularly important to work on for our business. The analysis forms the basis of our strategy going forward, and how we will manage our business.

Autocirc conducts a materiality analysis every other year, and this is the first one. The Board of Directors, management and subsidiaries took part in the materiality analysis. The materiality analysis is based on an ESG perspective and an extensive list of relevant areas was drawn up internally before being sent to our stakeholders for ranking. Stakeholders' views are of great importance for Autocirc's strategic priorities.

The topics included in the materiality analysis have been selected with guidance from documents such as the UN Global Compact, SASB Materiality Map, CDC ESG toolkit, Autocirc's Code of Conduct and Autocirc's own assessment. Ten topic areas were identified from these documents and the Board, management and subsidiaries were asked to rank which areas were considered the most important. Stakeholder rankings of the areas were combined with Autocirc's own assessment of the significance of the area for the company's business strategy and used as coordinates in the materiality analysis.

10 essential aspects

1. **Reduce climate impact** – Endeavour to reduce the carbon footprint from our processes.
2. **Create circular effects** – Aim to create circular effects within the Group of companies.
3. **Climate-related risks** – Work on our climate risk analysis to ensure the transition to a low-emission economy and that future physical impacts of climate change do not affect us financially. Work actively with adaptation and equipping.
4. **Business ethics** – Work with our Code of Conduct and secure business ethics compliance within our operations
5. **Innovation** – Focus on project participation in innovation and more business areas, such as being early adopters of a fossil-free work equipment fleet and the use of recycled auto parts in new car production.
6. **Gender equality and discrimination** – Work on issues and challenges related to equality and diversity and ensure zero tolerance of discrimination and equal treatment within the Group.
7. **Secure supply chains** – Ensure we use secure supply chains and work actively with supplier audits.
8. **Compliance** – Ensure we comply with and monitor all the relevant laws and regulations and support our subsidiaries to do the same.
9. **SDGs** – Work with Agenda 2030, and targets for our identified focus goals 12 and 13.
10. **Human rights** – Focus on human rights.



Equipped for the future

Autocirc is keen to be part of a more sustainable and progressive aftermarket in the automotive industry, while at the same time being mindful of our stakeholders' requirements and expectations of us. It's a balancing act that constantly challenges us to test new approaches and have the courage to question our way of doing things. From an internal perspective, Autocirc prioritises the creation of circular effects.

With a well-developed circular strategy, the majority of the other topics from our materiality analysis fall into place. By creating stronger circular effects within the Group, we become more resource efficient and able to create better opportunities for reuse and repurposing. Ultimately, this reduces our carbon footprint and makes our work on the SDGs and human rights easier to achieve.

Stronger circular effects also help enhance the partnerships within the Group. This will in turn enable us to ensure secure supply chains, work actively on equality and against discrimination, and create a shared business ethics standard and legal compliance. Stronger circular effects and greater collaboration will enable us improve at managing our identified climate-related risks with a shared continuity plan. We will be better prepared for the serious climate impacts and risks that may arise from the transition to a low-emission economy. Innovation will be a key factor that we can work with and manage together as a group.

Our findings from the materiality analysis and our stakeholders' ranking reveal that all have ranked Reducing Climate Impact & Creating Circular Effects high, while the remaining topics are variously ranked. Our conclusion is therefore that Autocirc's employees and stakeholders hold the same views on what needs to be prioritised in the future, which gives us a clear indication that our strategy going forward is also shared by our stakeholders.

We take responsibility for our business – both for our employees and for the environment. While sustainability work was formalised at Autocirc with the aim of building a solid and sustainable action plan for the future, we also endeavour to ensure that this work filters through to our day-to-day operations across the Group.

SUSTAINABLE FOUNDATIONS

People first

Issues relating to sustainability, environmental impact, business ethics and control are becoming increasingly important from both a business and risk perspective. Customers are demanding sustainable products and services, while long-term partnerships with suppliers are essential for innovation and development. This work is closely linked with the social aspect of Autocirc's business. It should be visible both internally and externally.

In order to ensure that we can offer sustainable and recycled spare parts, we must also make sure that they are processed and produced in a socially sustainable way. When we talk about social sustainability, we are referring to our responsibility for being a safe workplace with fair working conditions for all employees that comply with human rights standards.

A workplace for everyone

We value and aim to build diversity and gender equality within the Group. We believe our differences make our team stronger, more insightful, innovative and better at solving problems. Our differences also make for a more interesting and dynamic workplace, which is motivated by commitment and a can-do attitude. The Autocirc Group aims to have a good working environment based on equality and diversity, where the integrity of each employee is protected.

Autocirc strives for diversity in its workforce, with a broad range of backgrounds and an even gender balance in all positions within the Group. We treat all employees with dignity and respect. We offer equal opportunities, rights and obligations for all. Our Equal Treatment Policy states that discrimination or harassment based on religion, disability, sexual orientation or age will not be tolerated.

The modern employer

Dedicated employees who have job satisfaction and develop in their daily work are a prerequisite for Autocirc's continued success. The company works continuously to create conditions both for retaining existing colleagues and recruiting new people who will contribute to continued growth and development.

We believe a good work environment is a physically and psychosocially safe one, in which stress, discrimination, victimisation, violence and threatening behaviour are prevented. As a minimum standard for our working environment, we have decided to work in accordance with the prevailing local legislation.

In cases where we have employees who, for whatever reason, have been on sick leave for a long period of time or are in need of some other type of support, we are proactive about making adjustments and offering rehabilitation to create the best conditions for our employees to recover and return to work.

Our values-based leadership enables us to both attract and retain the best talent in the industry. We strive to be a company of responsible and proactive people who want to make a difference, be it big or small.

"

Being a responsible employer in the automotive sector is increasingly valued by both current and prospective employees.

Fair working conditions and human rights

All the companies that are affiliated with Autocirc must comply with all relevant international conventions and laws relating to the safety and working conditions of employees. We provide a healthy and safe working environment for all employees in the Autocirc Group and appropriate actions are taken to prevent accidents and health injuries.

To ensure fair working conditions and human rights protection we also take responsibility to apply this further along our supply chain. We support and respect human rights as set out in the UN Convention and the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, and require all Group companies to do the same. More details about our work on health and safety and human rights can be found in our policies: Health and Safety Policy, Human Rights Policy and Alcohol and Drugs Policy.

Combating various types of corruption

Autocirc does not tolerate any form of corruption, which can be defined as abuse of entrusted power for individual gain. Autocirc does not accept or conduct any business through bribery or extortion. We are also obliged to assess risks to ensure our operations are not exploited for money laundering or terrorism financing. We are proactive about preventing these types of activities. Our Code of Conduct and whistleblowing function, which can be used by employees and stakeholders, represent important tools for us.

Secure at every stage

Secure supply chains are central to issues concerning compliance with laws and regulations, our Code of Conduct and human rights. The aforementioned Code of Conduct is an instrument that we can rely on to ensure that our suppliers comply with and work according to our principles and guidelines. We require our suppliers to comply with UN and ILO conventions and their respective local laws.

In 2022, we will conduct group-wide supplier assessments for our key suppliers to ensure that we do not engage with suppliers that violate our Code of Conduct, which is also defined in our risk analysis.

Code of Conduct

2021 saw the creation of the Autocirc Code of Conduct, which was developed in consultation with Group management and with the help of external stakeholders. The Code of Conduct was published at the end of December 2021 and is a set of guidelines for the entire Group. The Code of Conduct defines the principles and standards for how we conduct ourselves, how we run our business and our interaction with our subsidiaries, colleagues, investors and suppliers. The Code of Conduct is built around three areas: environmental responsibility, social responsibility and business ethics.

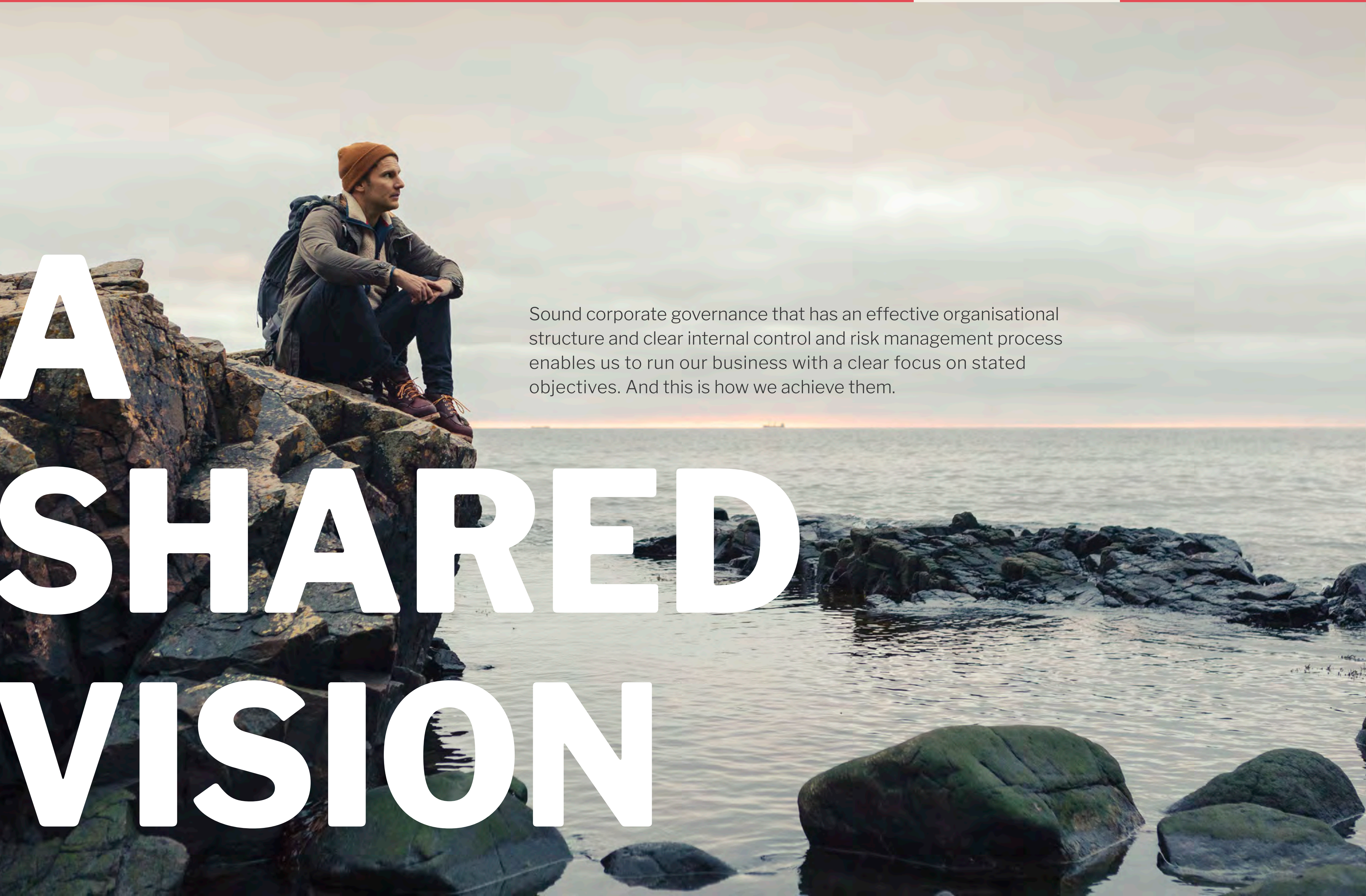
Within these areas we have set out how we approach, how we should act and potential risks and opportunities associated with each topic. The Code of Conduct is also inspired by the UN's Universal Declaration of Human Rights, ILO's convention and the UN and EU's Convention against Corruption. The purpose of the Code of Conduct is to support and guarantee that everyone in the Group adheres to the standard and the expectations that are in place. In 2022, we will conduct internal training relating to our Code of Conduct to ensure that everyone in the company is familiar with it.

Strong measures for GDPR

In our previous risk analysis, compliance with the General Data Protection Regulation was identified as a potential risk within our Group. In 2021 we focused on managing this risk, which resulted in the Group carrying out a major GDPR exercise during the year, with a review being conducted on existing GDPR documentation for the entire business by an independent party. Given the Group's diversified portfolio of companies , it was decided to implement a project aimed at building a solid structure and establish GDPR processes to create a group-wide level and approach. The GDPR process was implemented for Autocirc in Q4 2021 and will be implemented for the remaining subsidiaries in 2022, with ongoing integration of new companies.

THE GROUP-WIDE STRUCTURE IS DESIGNED ACCORDING TO THE FOLLOWING PROCESS:

Lawful, fair and transparent processing → Limitation of purpose, data and storage → Data subject rights → Consent → Personal data breaches with processes → Privacy by Design → Data Protection Impact Assessment → Data transfers



A SHARED VISION

Sound corporate governance that has an effective organisational structure and clear internal control and risk management process enables us to run our business with a clear focus on stated objectives. And this is how we achieve them.

Sound corporate governance

Autocirc Group AB is a Swedish public limited company with registered offices in Borås. Autocirc endeavours to apply effective corporate governance processes to ensure the business generates long-term value for our shareholders, employees and other stakeholders.

Autocirc values sound corporate governance to achieve our strategic goals, but that also maintains trusting relationships with our shareholders and other stakeholders. High standards of transparency, reliability and ethical values are guiding principles for our operations. This chapter includes information on corporate governance, set out according to the Corporate Governance Act, for the financial year 2021.

Annual general meeting of the company

The AGM is the highest decision-making body in Autocirc's corporate governance. The AGM is held within six months of the end of the financial year and usually takes place in Borås. The AGM makes decisions on the Articles of Association and appoints Board members, a Chair of the Board and independent auditors, and decides on their fees. Furthermore, the Annual General Meeting decides on the adoption of the profit and loss account and balance sheet, the appropriation of the company's profit and discharge from liability towards the company for Board members and the CEO. Additional general meetings of the company may be held during the financial year, for example when decisions are to be taken on the authorisation of an issue of shares, adjustments to share capital or similar. Responsibility for the management and control of the Group is shared between the shareholders via the AGM, the Board of Directors and its committees, the CEO and the external auditor.

Function and work of the Board of Directors

The Board of Directors is Autocirc's second highest decision-making body and is appointed by the Annual General Meeting. The Board is currently made up of five ordinary members and two deputies. Autocirc's Board of Directors is responsible for the company's organisation and operations, while the CEO is responsible for ensuring that the company is managed in accordance with approved guidelines and instructions. The Board is responsible for monitoring the company's performance. The CEO is responsible for preparing information and decision-making documents for the Board and, in dialogue with the Chairman of the Board, setting the agenda for Board meetings.

In addition, there are several group-wide reporting procedures and standards that ensure compliance with and monitoring of the company's rules of procedure, instructions and policies. The duties of the Board of Directors are mainly regulated by the Companies Act and the company's Articles of Association. The rules of procedure govern how work is allocated within the Board.

The Board also adopts instructions for the committees of the Board, an instruction for the CEO and an instruction for financial reporting. The Chairman of the Board ensures that the work of the Board is carried out efficiently and that it fulfils its obligations. The Board of Directors is responsible for the organisation of Autocirc and the management of the company's affairs, which includes responsibility for:

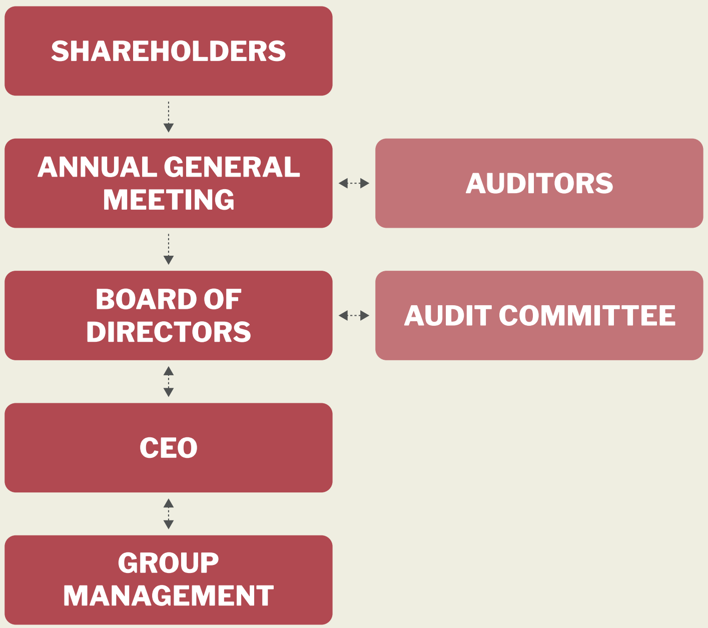
- Establishing overall, long-term strategies and objectives, budgets and business plans.
- Establishing guidelines to ensure that the business creates long-term value.
- Decision-making on acquisitions, investments and sales.
- Identifying how sustainability issues impact the company's risks and business opportunities.
- Ensuring that appropriate monitoring and control systems are in place for both the business and the risks associated with it.
- Ensuring that there is adequate control of the company's compliance with laws and other regulations relevant to its operations, and compliance with internal policies.
- Ensuring that the company's disclosure of information is transparent, accurate, relevant and reliable.

During the 2021 financial year, the Board held a number of meetings which were minuted and filed. The Board of Directors monitors the work of the Chief Executive Officer through follow-ups of the year's activities, and by ensuring that the organisation, management and internal guidelines of the company are appropriately structured and that satisfactory internal controls are in place. The Board's work in 2021 has featured decisions on acquisition investments and the structure of the organisation and its governance.

Board committees and structure

The Board of Directors has established an Audit Committee, which is made up of the entire Board. The Audit Committee focuses on improving governance and follow-up of financial reporting. Reports will be submitted to the Audit Committee on various matters, including the auditor's review of the company's financial reporting, the company's internal controls and risk management. Reporting is conducted via the company's parent group, consisting of two representatives from the Board, the company's CFO, the company's auditor and CSO.

The auditor examines the company's annual financial statements and the management of the Board of Directors and CEO. After the end of each financial year, the auditor must submit an auditor's report and a Group auditor's report to the Annual General Meeting. Autocirc Group's auditor during the year was PWC, with Ulrika Ramsvik as lead auditor. Every year, the Audit Committee evaluates the work and independence of the auditors.



Board of Directors

The Board of Directors of Autocirc Group AB currently comprises the following individuals (including two deputies):

Terje Rogne

Chairman, Board member
Elected Chairman of the Board in 2020.

Background:
Terje has extensive experience as COO and CFO of Tandberg AS and the engineering firm Kvaerner AS. Today he mainly works as a professional board member.

Johan Livered

Board member, CEO & founder
Elected Board member in 2020.

Background:
Prior to his current position, Johan served as President of VEGE Group and CEO of Atracco AB and Recopart AB. Johan founded Autocirc in 2019 together with Mattias Pettersson.

Mattias Pettersson

Board member & founder
Elected Board member in 2020.

Background:
Prior to his current position, Mattias was President of Atracco AB and was a member of the European management of LKQ. Mattias founded Autocirc in 2019 together with Johan Livered.

Jonas Frick

Board member
Elected Board member in 2020.

Background:
Jonas has served as CEO of SLS Venture, the second largest biotech fund in the Nordics. Prior to this he was CEO of listed company Medivir AB for seven years. For almost 15 years, Jonas worked in the Pharmacia Group, where he developed business, R&D and manufacturing organisations in the Nordic countries, Japan and Italy. In addition, Jonas has worked as a consultant for Indevo, a consulting firm focusing on business development and turnaround management.

Arash Raisse

Board member
Elected Board member in 2020.

Background:
Arash has been working for Alder since 2012 and he has previously worked at private equity firm Karnell, where he was involved in several acquisitions of unlisted companies. He has also worked with acquisition transactions at Morgan Stanley in London.

Board of management

Autocirc's Group management comprises a CEO, CFO, COO and CSO. Group management meets regularly and deals with issues such as corporate governance, reporting, organisation and strategy. Group management prepares matters requiring a decision by the Board of Directors, and assists with the implementation of decisions from the Board. In addition to their individual responsibilities, each member of Group management is responsible for the management of the company. Management meetings are held regularly with the subsidiaries, focusing on the following agenda:

1. **Finances**
   a. Sales and profit
   b. Budget Jan–Dec (rolling 12 months)
   c. Liquidity
2. **Organisation/personnel**
   a. Personnel issues, staffing, self-employed, etc.
3. **Production, status and improvements**
4. **Collaboration with circle projects**
5. **Current projects**
6. **Future strategy**
7. **Marketing activities**

All management meetings with subsidiaries are minuted and filed.

Johan Livered

Chief Executive Officer (CEO)
CEO since 2020.

Background:
Before joining Autocirc, Johan was CEO of VEGE Group BV and CEO of Atracco AB och Recopart AB. Johan has gained solid experience of management work through previous positions with major organisations.

Jennica Thorin

Chief Operating Officer (COO)
COO since 2021.

Background:
Prior to her role at Autocirc, Jennica was CEO of Recopart AB and Head of Operations at Ericsson. She has also worked with business development at Atracco AB. Previous experience has given Jennica a good knowledge of the industry and experience relevant to her current position.

Johan Rafstedt

Chief Financial Officer (CFO)
CFO since 2020.

Background:
Prior to his current position, Johan was CFO at Cellmark AB and Stena Bulk AB. Johan has also been Group Business Controller at AB Volvo Penta. Previous experience has given Johan a sound knowledge of financial management at group level.

Hanna Wadsten

Chief Sustainability Officer (CSO)
CSO since 2021.

Background:
Hanna's most recent position was in the consulting industry, where she worked on the implementation and maintenance of corporate sustainability strategies and management systems according to ISO 9001, 14001 & 45001. Hanna possesses considerable expertise in sustainability and circular economy from her previous experience.

FINANCIAL STATEMENT

Directors' report

General information about the business
Autocirc was established in 2019, when an opportunity was identified to develop and harness the aftermarket in the auto parts industry. Bringing independent operators together under the same roof made it possible to link up a sector that is traditionally fragmented. The Group's operations aim to create a circular model in which we reuse and prolong the lifespan of used spare parts. In the long run, this means that all parts of the vehicle can be made use of for a longer period of time.

For Autocirc it's not a matter of reinventing the wheel, but rather building on what already exists. Linking up established, independent operators with Autocirc creates opportunities to add value via shared synergies and increase circularity for the sector as a whole. Autocirc's working model means that more auto parts are reintroduced to the spare parts market instead of being scrapped. This reduces both waste and the need to produce new parts. Parts that cannot be reused are converted into secondary raw materials with new purposes and functions in a new production cycle. Our strategy for the future can be described by two different circles: the outer and the inner circle, describing our growth strategy and our value-adding strategy. The outer circle describes our growth strategy. By acquiring the best companies in each segment and linking them to the Group, we create opportunities to expand our platform. The inner circle indicates how we create our value chain and build a complete ecosystem, which is about connecting the flow of parts across the value chain to drive profitability and maximise the reuse of each part. We refer to connecting companies to our ecosystem and generating added value between them as circular effects.

Autocirc is headquartered in Borås, Sweden, and its subsidiaries are currently located in Northern Europe, including in Sweden, Finland, Norway and the UK. 2021 has been marked by growth and a start-up phase for the organisation. During the year, Autocirc grew from six companies (including the Parent Company) to a total of 18 companies. Sales have risen from SEK 51 million, to SEK 433 million, with organic growth amounting to 14%.

Autocirc is a privately-owned group of companies that operates according to a decentralised business model. As an owner, Autocirc aims to operate in a way that allows the entrepreneurs of its subsidiaries to continue developing and running their companies in the same spirit as before, with the Group offering opportunities for them to benefit from economies of scale in various areas. The Group's vision is to connect the best companies in different market segments to the Group. The Group is keen to build an ecosystem and link up elements in the value chain to drive profitability and maximise the extracted value/reuse of each part. Autocirc creates long-term, sustainable value growth by building a group of companies with good profitability, stable cash flows, a strong market position and the capacity for continuous development.

Change in Group structure
The capital reorganisation within the Group, whereby Autocirc Group AB (publ) has become the new Parent Company, is a transaction under joint control. As such, the transaction is excluded from business combinations under IFRS 3 and will have no impact on the Autocirc Group's consolidated financial statements. Acquisitions under joint control have characteristics similar to a business combination but do not meet the criteria to be accounted for as a business combination. A business combination is defined as a transaction in which an acquiring party obtains control of one or more companies, while a capital reorganisation between entities under joint control may result in a change of control from the perspective of a standalone company. However, acquisitions under joint control do not result in a change of control for the ultimate shareholders.

Therefore, unlike business combinations, acquisitions under joint control are not accounted for at fair value with potential goodwill. Instead, acquisitions under joint control are generally accounted for at the carrying amount of the net assets or the share of equity transferred. As transactions between entities under joint control do not result in a change of control for the ultimate shareholders, the consolidated financial statements are not affected by a transaction under joint control. The transfer of net assets between companies under joint control does not affect previous periods, which are therefore not restated. This means that the comparative year's earnings and financial position of the Group are presented as presented when Autocirc AB was the Parent Company in the consolidated financial statements.

However, as the Group has transitioned to IFRS in these annual accounts, the comparative figures have been adjusted for the IFRS transition. The above also explains why the financial year of the comparative year of the Parent Company Autocirc Group AB (publ) is not the same as for the Group.

Comparative overview

Group	2021	2019/2020
Net sales	432,676,848	51,264,761
Profit/loss before tax	11,234,083	-1,236,549
Balance sheet total	968,747,544	138,362,508
Equity/assets ratio (%)	20.1	36.1

Market trend
Since early 2020 the world has been facing the ongoing challenge of the pandemic, which, unfortunately, we have had to learn to live with. The market in 2021 experienced component shortages, long delivery times and high material costs, which is something our section of the industry has benefited from. With Autocirc's offering of circular spare parts that are not based on new production or shipping from the other side of the globe, we have been able to supply the aftermarket with a stable, locally produced and uninterrupted flow of sustainable spare parts.

Ownership structure
Autocirc Group is wholly owned by Autocirc Industriutveckling AB. The ownership structure has remained unchanged during the year. The majority shareholder in Autocirc Industriutveckling AB is Alder II AB.

Significant events during the financial year
Net sales for the Group rose by 817% to SEK 433 million (53). Organic sales growth was 14% for the full year, with the remaining growth attributable to acquisitions. Recognised operating profit amounted to SEK 26.9 million (1), giving an operating margin of 4.3%. Post-tax earnings totalled SEK -1.7 million (-2.7). Cash flow from operating activities grew by SEK 78 million (-2). The year-on-year improvement in earnings is attributable to successful acquisitions and generally stronger demand and pricing for the company's underlying products.

Acquisitions made by the Group in 2021 included: Jämtlands Bildemontering AB, Svensk Bilåtervinning AB, Nordic Motorcenter AB, UBD Cleantech AB, Premier Components UK LTD, Östfold Bildemontering AS, Vimmerby Bildemontering AB, Autopalsta OY, Riihimäen Auto-Osat OY, Norrbottens Bildemontering AB, Styrdon AB and Kungsåra Bildemontering AB. During the year, properties were divested at Nordic Motorcenter AB, Jämtlands Bildemontering AB, Erikssons Verkstad AB OY, Eriksson Bilbärgning AB OY, Autopalsta OY, Riihimäen Auto-Osat OY, Norrbottens Bildemontering AB and Vimmerby Bildemontering AB.

Proceeds of SEK 142 million were generated after transaction costs in 13 capital injections during the year, to enable a continued active acquisition agenda. Financing was further secured through a new credit facility consisting of loans of SEK 262 million and a revolving credit facility of SEK 75 million. The head office workforce has increased from four to six employees with the addition of a COO, CSO and a new administrator.

Significant events after the end of the financial year
The Group's growth journey is continuing in 2022. In January 2022, Walters Bildelar AB and Alingsås Bildelar AB were acquired. February 2022 saw the acquisition of Svenssons Bildemontering AB, Frykmalm i Karlstad AB, Karlstad Bildemontering and Bil & Skadeservice Klippan AB. In March, Bildelslagret i Lidköping AB, Bildelslagret i Trollhättan AB and AB Magnus Bildemontering joined the Group. Finally, in April, the Norwegian company Skjeberg Bilopphugget AS was acquired.

Future performance
Autocirc's priorities are to generate long-term adjusted EBITA growth in its existing subsidiaries through circular effects, and to continue to grow via the acquisition of profitable companies with stable cash flows and strong market positions. During the year, Autocirc intends to gradually expand its operations further in the other Nordic countries, as well as to the northern and central parts of Europe. However, Autocirc is not providing any financial forecasts for the coming year. The assessment is that Autocirc is financially well positioned for 2022, with the financial capacity to continue to operate according to its strategy and targets, which also allows for further acquisitions of new businesses in the coming years.

As a result of the pandemic, there was a worldwide shortage of spare parts and metals. This shortage is expected to worsen due to the ongoing crisis in Ukraine. Transportation costs have also increased due to the global situation. Overall we can see that these factors are boosting demand for the Group's products, since our focus is on reuse and geographically we are located close to the market.

Comparative overview, cont.

Risks and uncertainties
Autocirc's earnings and financial position are affected by a number of external and internal risks in the form of operational risks, financial risks, compliance risks and climate risks. Autocirc regularly monitors these risks and weighs likelihood against impact as part of Autocirc's owner responsibility in its subsidiaries, as well as part of corporate governance at Group level.

External risks
External risks are mainly due to factors outside Autocirc's own operations. One example of this is the macroeconomic trend in the Group's main market, which can impact opportunities to achieve established goals. Political decisions or current events such as pandemics and military conflicts in our region are examples of risks. External risks can be mitigated and managed to some extent through careful analysis and strategic choices. The market for reuse, remanufacture and recycling, which is Autocirc's main market, has historically remained stable even when the economy is weak. Furthermore, the Group's client portfolio and geographical diversification help spread any risk exposure. As a preventive measure, we actively engage in market analysis and develop adaptation strategies to manage a market in flux and changing conditions in the future.

Operational risks
Operational risks arise in day-to-day business operations. Operational risks are mainly within Autocirc's control. Operational risks are managed through policies and guidelines, as well as clear processes and shared values. Risks under this classification include risks related to projects, acquisitions, skills supply, suppliers or workplace conditions.

Financial risks
Financial risks refer to risks arising from changes in financial conditions. These are managed by the Group's financial management according to the guidelines in the Financial Handbook. It is possible to reduce the level of risk and achieve cost-effective financing by securing and controlling risks centrally. In order to minimise financial risks and improve financial control and reporting within the Group, we have developed a Financial Handbook. This contains information on our policies, instructions and other documentation that serves to guide and support our ongoing financial management work. The Handbook aims to ensure a consistent interpretation of financial procedures throughout the Group and in all internal and external financial reporting.
Financial risk management
See Note 4.

Legal compliance risks
Legal compliance risks refer to risks related to relevant legislation. Ongoing legal monitoring, regular compliance checks and systematic approaches reduce the risk of non-compliance with legal and regulatory requirements.

Climate risks
Climate risks refer to economic impacts related to the risks associated with a low-carbon economy and physical climate risks. Climate risks can be mitigated and managed to some extent with careful analysis and strategic decisions.
We believe the transition to a low-carbon economy will lead to greater demand for our products, as they will be regarded as even more attractive in that type of economy. We also recognise that we will need to invest in new technology, as existing technology may not meet the standards required in a future low-carbon economy. To ensure a smooth transition that does not put undue strain on the economy, it will be essential to make these types of investments on an ongoing basis.

The effects of a changing climate are predicted to initially contribute to more extreme weather events and its chronic effects are predicted to be changes in precipitation patterns, rising average temperatures, increased erosion and landslide risk, and changing wind patterns. To ensure that our business operations are not disrupted by a changing climate, it is important to prepare now and equip ourselves with buildings and resources to meet the challenges of the future. We are also actively working on a group-wide business continuity plan to ensure delivery even in the event of unforeseen events.

Sustainability strategy (ESG)

Together with our inner- and outer-circle strategy (see above), we also identify the importance of conducting this work in a sustainable, responsible way. In doing so, we need to ensure that our growth strategies also adopt a thoughtful approach. Prior to an acquisition, we always carry out due diligence to ensure that everything is in order with the acquisition target. In connection with this, we also ensure that the business has the necessary permits for the activities it undertakes, and we carry out soil tests to ensure that the business has not contributed to soil contamination in the past. After acquisitions and when integrating companies into the Autocirc Group, we conduct an ESG review to identify possible areas for development and ensure that the company meets the level we have determined for our ESG standard. The ESG standard builds on our Code of Conduct and aims to ensure a good level and stewardship of the company once they have been integrated into the Group and into our working practices, principles and policies.

The majority of the Group's facilities are classified as facilities requiring a permit or notification. The overarching legal requirements for the Group, which also affect the majority of the facilities, are DIRECTIVE 2000/53/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 September 2000 on end-of-life vehicles. Operating as a vehicle dismantler requires a permit, and each country has local laws on which they base their authorisation. Furthermore, we also have facilities classified as C facilities under the Ordinance (1998:899) on Environmentally Hazardous Activities and Health Protection. Our scrap and metal trading facility also has a special permit under the Ordinance (1981:402) on Trade in Scrap Metal, as well as an associated broker's licence. Supervision of permits is carried out by the respective competent authority on a regular basis and, in many cases, annually.

Appropriation of profits

Profit/loss at the disposal of the Annual General Meeting is as follows:

	31/12/2021
Share premium reserve	51,175,385
Retained earnings	193,862,116
Profit/loss for the year	-2,042
Total	245,035,459

The Board proposes that the profit/loss be distributed so that:

Proposed appropriation of profit/loss	
Dividend to shareholders	0
To be carried forward	245,035,459
Total	245,035,459

Consolidated statement of comprehensive income

Amount in SEK	Note	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Net sales	6	432,676,848	51,264,761
Other operating income	9	19,263,617	2,437,847
Total		**451,940,465**	**53,702,608**
Raw materials and consumables		-204,630,360	-25,480,770
Other external expenses	7	-89,296,462	-12,487,407
Employee benefits expenses	8	-104,426,205	-12,968,577
Depreciation, amortisation and impairment of property, plant and equipment and non-current intangible assets	15, 16	-22,452,348	-1,808,604
Other operating expenses	10	-4,273,452	
Total		**-425,078,827**	**-52,745,358**
Operating profit/loss		**26,861,638**	**957,250**
Finance income	11	61,283	1,221
Finance costs	11	-15,688,838	-2,195,020
Financial items, net		**-15,627,555**	**-2,193,799**
Profit/loss before tax		**11,234,083**	-1,236,549
Income tax	12	-12,952,562	-1,519,692
Profit/loss for the year		**-1,718,479**	**-2,756,241**

Amount in SEK	Note	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Other comprehensive income:			
Items that may be reclassified to profit or loss for the year			
Translation differences from translation of foreign operations		19,263,617	2,437,847
Other comprehensive income for the year		**4,513,863**	**-1,289,158**
Total comprehensive income for the year		**2,795,384**	**-4,045,399**
Profit/loss for the period attributable to:			
Parent Company shareholders		-1,819,855	-2,784,854
Non-controlling interests		101,376	28,613
Total		**-1,718,479**	**-2,756,241**
Total comprehensive income for the period attributable to:			
Parent Company shareholders		2,694,008	-4,062,697
Non-controlling interests		101,376	28,613
Total		**2,795,384**	**-4,034,084**

Consolidated statement of financial position

Amount in SEK	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Non-current intangible assets			
Capitalised costs for development work	15	0	1,603,447
Website	15	427,566	59,326
Goodwill	15	478,185,610	42,345,213
Total intangible assets		**478,613,176**	**44,007,986**
Property, plant and equipment			
Buildings and land	16	3,746,956	22,058,283
Machinery	16	12,437,036	11,053,098
Right-of-use assets	16	196,416,184	12,518,328
Equipment, tools, fixtures and fittings	16	17,419,007	3,307,287
Total property, plant and equipment		**230,019,183**	**48,936,996**
Non-current financial assets			
Other securities		821,365	121,000
Other non-current receivables		511,950	225,421
Deferred tax assets	25	219,875	0
Total non-current financial assets		**1,553,190**	**346,421**
Total non-current assets		**710,185,549**	**93,291,403**

Amount in SEK	Note	31/12/2021	31/12/2020
ASSETS, cont.			
Current assets			
Inventories	18		
Finished goods and goods for resale		102,841,019	16,181,658
Total inventories		**102,841,019**	**16,181,658**
Current receivables			
Trade receivables	20	50,821,418	9,888,189
Other receivables	21	6,118,500	918,325
Prepaid expenses and accrued income	22	9,434,658	1,564,759
Total current receivables		**66,374,576**	**12,371,273**
Cash and cash equivalents	19	**89,346,400**	**16,518,174**
Total non-current assets		**258,561,995**	**45,071,105**
Total assets		**968,747,544**	**138,362,508**

Summary consolidated statement of financial position, cont.

Amount in SEK	Note	31/12/2021	31/12/2020
EQUITY	23		
Share capital		516,000	103,200
Other capital contributed		51,175,385	53,146,800
Reserves		3,224,705	-1,289,158
Retained earnings, including profit/loss for the period		139,301,798	-2,765,462
Total equity attributable to Parent Company shareholders		**194,217,888**	**49,195,380**
Non-controlling interests		886,011	784,635
Total equity		**195,103,899**	**49,980,015**
LIABILITIES			
Non-current liabilities			
Liabilities to credit institutions	24	249,583,521	0
Pension provision		246,012	0
Provisions for deferred tax	25	3,505,364	265,740
Lease liabilities	17	176,771,677	11,623,328
Other liabilities	26	137,230,167	1,000,000
Total non-current liabilities		**567,336,741**	**12,889,068**

Amount in SEK	Note	31/12/2021	31/12/2020
LIABILITIES, cont.			
Current liabilities			
Overdraft facility	24	51,696,193	388,174
Lease liabilities		18,827,780	849,726
Liabilities to credit institutions	24	20,637,310	49,419,088
Customer advances		2,285,057	36,691
Trade payables		30,981,649	5,399,057
Current tax liabilities		9,087,101	1,825,054
Other liabilities	24	34,811,898	11,692,763
Accrued expenses and deferred income	27	37,979,916	5,882,872
Total current liabilities		**206,306,904**	**75,493,425**
Total liabilities		**773,643,645**	**88,382,493**
Total equity and liabilities		**968,747,544**	**138,362,508**

Consolidated statement of changes in equity

Amount in SEK, attributable to Parent Company shareholders	Note	Share capital	Other capital contributed	Reserves	Retained earnings, incl. profit/loss for the year	Non-controlling interests	Total
Opening balance at 09/08/2019							
Profit/loss for the year					-3,406,631	4,090	-3,410,721
Other comprehensive income for the period				-1,277,843			-1,277,843
Total comprehensive income for the period				**-1,277,843**	**-3,406,631**	**4,090**	**-4,688,564**
Transactions with shareholders in their capacity as owners							
New share issue		53,200	53,146,800				53,200,000
Paid-up share capital		50,000					50,000
Change in Group structure						780,545	780,545
Adjustment upon transition to IFRS				-11,315	641,169		629,854
Total transactions with shareholders		**103,200**	**53,146,800**	**-11,315**	**641,169**	**780,545**	**54,660,399**
Closing balance at 31/12/2020		**103,200**	**53,146,800**	**-1,289,158**	**-2,765,462**	**784,635**	**49,980,015**
Opening balance at 01/01/2021		**103,200**	**53,146,800**	**0**	**-2,765,462**	**784,635**	**49,980,015**
Profit/loss for the year					-1,819,855	101,376	-1,718,479
Other comprehensive income for the period				4,513,863	0	0	4,513,863
Total comprehensive income for the period		**103,200**	**53,146,800**	**3,224,705**	**-4,585,317**	**886,011**	**52,775,399**
Transactions with shareholders in their capacity as owners							
Bonus issue		412,800	-1,971,415		1,558,615		0
Shareholders' contributions received					142,328,500		142,328,500
Total transactions with shareholders		**412,800**	**-1,971,415**	**0**	**143,512,496**	**0**	**141,953,881**
Closing balance at 31/12/2021		**516,000**	**51,175,385**	**3,224,705**	**139,301,798**	**886,011**	**195,103,899**

Consolidated statement of cash flows

Amount in SEK thousand	Note	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Operating activities			
Profit/loss after financial items		11,234,083	-1,236,549
Adjustments for non-cash items, etc.	32	12,077,928	3,400,628
Interest received			
Interest paid			
Income tax paid		-1,312,739	-297,444
Cash flow from operating activities before changes in working capital		**21,999,272**	**1,866,635**
Cash flow from changes in working capital			
Changes in inventories	18	-15,087,117	1,827,544
Changes in trade receivables	20	2,454,371	-1,537,163
Change in current receivables	21	-13,070,073	-1,158,893
Changes in trade payables		25,582,592	-1,647,989
Changes in current receivables		56,370,008	-3,042,820
Cash flow from operating activities		**78,249,053**	**-3,692,686**

Amount in SEK thousand	Note	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Investing activities			
Investments in non-current intangible assets	15	-7,897,618	-1,677,604
Acquisition of subsidiaries	31	-393,081,616	-43,750,564
Divestment of subsidiaries		51,693,041	0
Investments in property, plant and equipment	16	-15,422,129	-16,865,366
Sale of property, plant and equipment	16	0	382,100
Change in other non-current financial assets	17	66,693	15,158
Cash flow from investing activities		**-364,641,659**	**-61,896,276**
Financing activities			
Net change in current account		51,308,019	0
New share issue		0	53,250,000
Borrowings	30	390,261,500	37,500,000
Contributions received		142,328,500	0
Repayment of loan liabilities	30	-224,677,187	-8,642,864
Cash flow from financing activities		**359,220,832**	**82,107,136**
Cash flow for the year		**72,828,226**	**0**
Cash and cash equivalents at start of year		16,518,174	16,518,174
Exchange rate difference in cash and cash equivalents		0	0
Cash and cash equivalents at year-end		**89,346,400**	**16,518,174**

Parent Company income statement

Amount in SEK	Note	01/01/2021 –31/12/2021	18/08/2019 –31/12/2020
Other external expenses		-2,032	0
Total		**-2,032**	**0**
Operating profit/loss		**-2,032**	**0**
Interest expense and similar income statement items		-9	0
Profit/loss after financial items		**-2,041**	**0**
Profit/loss before tax		**-2,041**	**0**
Profit/loss for the year and comprehensive income		**-2,041**	**0**

Parent Company balance sheet

Amount in SEK	Note	31/12/2021	31/12/2020
ASSETS			
Non-current financial assets			
Investments in Group companies	35	245,528,500	103,200,000
Total non-current financial assets		**245,528,500**	**103,200,000**
Current assets			
Current receivables			
Receivables from Group companies		25,000	25,000
Total current receivables		**25,000**	**25,000**
Cash and bank balances		1	0
Total current assets		**25,001**	**25,000**
Total assets		**245,553,501**	**103,225,000**

Amount in SEK	Note	31/12/2021	31/12/2020
LIABILITIES AND EQUITY			
Equity			
Restricted equity			
Share capital		516,000	49,615
Total restricted equity		**516,000**	**49,615**
Unrestricted equity			
Share premium reserve		51,175,385	51,175,385
Retained earnings		193,862,115	52,000,000
Profit/loss for the year		-2,041	0
Total unrestricted equity		**245,035,459**	**103,175,385**
Total equity		**245,551,459**	**103,225,000**
Current liabilities			
Liabilities to Group companies		2,042	0
Total current liabilities		**2,042**	**0**
Total liabilities and equity		**245,553,501**	**103,225,000**

Parent Company statement of changes in equity

Amount in SEK, Unrestricted equity	Share capital	Share premium reserve	Retained earnings	Profit/loss for the year	Total
Opening balance at 09/08/2020	**0**	**0**	**0**	**0**	**0**
Transactions with shareholders in their capacity as owners					
New share issue	24,615	51,175,385			51,200,000
Paid-up share capital	25,000	0	0	0	25,000
Shareholders' contributions received	0	0	52,000,000	0	52,000,000
Total transactions with shareholders	**49,615**	**51,175,385**	**52,000,000**	**0**	**103,225,000**
Closing balance at 31/12/2020	**49,615**	**51,175,385**	**52,000,000**	**0**	**103,225,000**
Profit/loss for the year				-2,041	-2,041
Transactions with shareholders in their capacity as owners					
Bonus issue	466,385	0	-466,385		0
Shareholders' contributions received	0	0	142,328,500	0	142,328,500
Total transactions with shareholders	**466,385**	**0**	**141,862,115**	**0**	**142,324,418**
Closing balance at 31/12/2021	**516,000**	**51,175,385**	**193,862,115**	**-2,041**	**245,551,459**

Parent Company cash flow statement

Amount in SEK thousand	Note	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Operating activities			
Profit/loss after financial items		-2,041	0
Cash flow from operating activities before changes in working capital		**-2,041**	**0**
Cash flow from changes in working capital			
Change in current receivables		0	-25,000
Changes in current receivables		2,042	0
Cash flow from operating activities		**1**	**-25,000**

Amount in SEK thousand	Note	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Investing activities			
Acquisition of Group companies		0	-103,200,000
Shareholders' contributions provided		-142,328,500	0
Cash flow from investing activities		**-142,328,500**	**-103,200,000**
Profit/loss after financial items			
Financing activities			
New share issue		0	51,225,000
Shareholders' contributions received		142,328,500	52,000,000
Cash flow from financing activities		**142,328,500**	**103,225,000**
Cash flow for the year		**72,828,226**	**0**
Cash and cash equivalents at start of year		0	0
Exchange rate difference in cash and cash equivalents			
Cash and cash equivalents at year-end		**1**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 General information

Autocirc Group AB, with registration number 559267-3478, is a limited liability company registered in Sweden, with its registered office in Stockholm. The address of the head office is Österlånggatan 69, 503 37 Borås. The Group's business is to create a circular model in which the Group reuses and prolongs the lifespan of used spare parts. The company operates mainly in Sweden, but also in Finland, the UK and Norway.

The Parent Company is a wholly owned subsidiary of Autocirc Industriutveckling AB, which in turn is owned by Alder II AB. The consolidated financial statements comprise Autocirc Group (publ) AB and its subsidiaries.

The Board of Directors approved these financial statements for publication on 08/05/2022.

The financial statements have been prepared in SEK, which is the Parent Company's reporting currency. Unless otherwise stated, all amounts are expressed in Swedish kronor (SEK).

NOTE 2 Basis for preparing the financial statements

The consolidated financial statements of Autocirc Group AB have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 *Supplementary Accounting Rules for Groups*, and International Financial Reporting Standards (IFRS) and interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU.

These financial statements are the Group's first financial statements in accordance with IFRS. Historical financial information has been restated from 9 August 2019, which is the date of transition to IFRS. Explanations of the transition from previously applied accounting policies to IFRS and the impact of the restatement on the statements of comprehensive income and equity are presented in Note 34.

Preparing financial statements in accordance with IFRS requires the use of some critical accounting estimates. Furthermore, management is required to make certain judgements in the application of the Group's accounting and valuation policies. The areas involving a high degree of judgement, complexity or areas where assumptions and estimates are significant to the consolidated financial statements are specified in Note 5.

The financial statements have been prepared on a going-concern basis.

The Parent Company applies RFR 2 *Accounting for Legal Entities* and the Annual Accounts Act. The application of RFR 2 involves the Parent Company legal entity applying all IFRS standards and statements adopted by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, and in view of the relationship between accounting and taxation.

In connection with the transition to IFRS accounting in the consolidated financial statements, the Parent Company has adopted RFR 2. The transition from previously applied accounting and valuation policies to RFR 2 has had no impact on the income statement, balance sheet, equity or cash flow of the Parent Company.

Preparing financial statements in accordance with RFR 2 requires the use of some critical accounting estimates. Furthermore, management is required to make certain judgements in the application of the Parent Company's accounting policies. The areas involving a high degree of judgement, complexity or areas where assumptions and estimates are significant to the consolidated financial statements are specified in Note 5 to the consolidated financial statements.

Change in Group structure

The capital reorganisation within the Group, whereby Autocirc Group AB (publ) has become the new Parent Company, is a transaction under joint control. As such, the transaction is excluded from business combinations under IFRS 3 and will have no impact on the Autocirc Group's consolidated financial statements. Acquisitions under joint control have characteristics similar to a business combination, but do not meet the criteria to be accounted for as a business combination. A business combination is defined as a transaction in which an acquiring party obtains control of one or more companies, while a capital reorganisation between entities under joint control may result in a change of control from the perspective of a standalone company. However, acquisitions under joint control do not result in a change of control for the ultimate shareholders.

Therefore, unlike business combinations, acquisitions under joint control are not accounted for at fair value with potential goodwill. Instead, acquisitions under joint control are generally accounted for at the carrying amount of the net assets or the share of equity transferred. As transactions between entities under joint control do not result in a change of control for the ultimate shareholders, the consolidated financial statements are not affected by a transaction under joint control. The transfer of net assets between companies under joint control does not affect previous periods, which are therefore not restated. This means that the comparative year's earnings and financial position of the Group are presented as presented when Autocirc AB was the Parent Company in the consolidated financial statements.

However, as the Group has transitioned to IFRS in these annual accounts, the comparative figures have been adjusted for the IFRS transition. The above also explains why the financial year of the comparative year of the Parent Company Autocirc Group AB (publ) is not the same as for the Group.

ii) New and amended standards not yet adopted by the Group

A number of new standards and interpretations came into effect for financial years beginning on or after 1 January 2021 and have not been applied in preparing this financial report. No published standards that are not yet effective have affected the Group.

NOTE 3 Summary of significant accounting and valuation policies

The note contains a list of the significant accounting and valuation policies applied in the preparation of these consolidated financial statements. These principles have been applied consistently for all years presented.

Consolidated financial statements

Subsidiaries

Subsidiaries are all companies which the Group has a controlling influence over. The Group controls a company when it is exposed to, or is entitled to receive, variable returns from its investment in the company and has the ability to influence those returns through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date that controlling influence is transferred to the Group. They are excluded from the consolidated financial statements from the date that controlling influence ceases.

The acquisition method is used to account for the Group's business combinations. Intra-group transactions and balance sheet items, and unrealised gains and losses on transactions between Group companies are eliminated. The accounting and valuation policies for subsidiaries have been changed, where applicable, to ensure the consistent application of the Group's policies.

Business combinations

The acquisition method is used to account for the Group's business combinations, whether the combination consists of equity interests or other assets. The purchase consideration for the acquisition of a subsidiary is the fair value of:

- assets transferred
- liabilities incurred by the Group to previous owners
- shares issued by the Group
- assets or liabilities arising from a contingent consideration arrangement
- previous equity interest in the acquired business.

Identifiable assets acquired, liabilities assumed and contingent liabilities assumed in a business combination are, with a few exceptions, initially measured at their fair values at the acquisition date. For each acquisition, i.e. acquisition by acquisition, the Group determines whether non-controlling interests in the acquired business are recognised at fair value or at the holding's proportionate share of the carrying amount of the acquired business' net identifiable assets. Acquisition-related costs are expensed as incurred.

Goodwill is initially measured at the amount by which the total purchase consideration and any fair value of non-controlling interests at the date of acquisition exceeds the fair value of the identifiable net assets acquired. If the purchase consideration is less than the fair value of the net assets of the acquired business, the difference is recognised directly in profit or loss for the period.

Intra-group transactions, balance sheet items, and income and costs from transactions between Group companies are eliminated. Gains and losses resulting from intra-group transactions that are recognised in assets are also eliminated. The accounting policies of subsidiaries have been changed, where applicable, to ensure the consistent application of Group policies.

Goodwill refers to the amount by which the consideration transferred exceeds the fair value of the identifiable net assets acquired. If the amount is less than the fair value of the net assets acquired, in the event of a bargain purchase, the difference is recognised directly in the income statement. In cases where all or part of a purchase consideration is deferred, the future payments shall be discounted to their present value at the acquisition date. The discount rate is the business' marginal borrowing rate, which is the interest rate the business would have paid for financing by borrowing over the same period under the same conditions. Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liabilities are remeasured each period at fair value through profit or loss. Any revaluation gains and losses are recognised in profit or loss.

Translation of foreign currencies

(i) Functional and presentation currency

The functional currency of the various entities in the Group is the local currency, as the local currency has been defined as the currency used in the primary economic environment in which each entity operates.

The consolidated financial statements use Swedish kronor (SEK), which is the Parent Company's reporting currency and the Group's presentation currency.

(ii) Transactions and balance sheet items

Transactions in foreign currencies are translated into the functional currency at the rate in effect on the transaction date. Foreign exchange gains and losses arising from the payment of such transactions and from the revaluation of monetary assets and liabilities denominated in foreign currencies at the rate on the balance sheet date are recognised in operating profit/loss in the statement of comprehensive income.

Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognised in the statement of comprehensive income as finance income or costs.

(iii) Foreign operations

In the consolidated financial statements, all assets, liabilities and transactions of Group companies that have a functional currency other than SEK are translated into SEK upon consolidation. The functional currency of Group companies remained unchanged during the reporting period.

For consolidation purposes, assets and liabilities have been translated at the closing rate. Goodwill and fair value adjustments arising upon the acquisition of a foreign operation have been recognised as assets and liabilities of the foreign operation and translated into SEK at the closing rate. Revenues and expenses have been translated into SEK at the average exchange rate for the financial year. Exchange differences are recognised directly in other comprehensive income and are included in the translation reserve in equity. Upon disposal of a foreign operation, the cumulative translation differences recognised in equity are reclassified to profit or loss and recognised as part of the gain or loss upon divestment.

Revenue recognition

The Group recognises revenue according to the following five-step model on a contract-by-contract basis:

Step 1: identify the contract with the customer
Step 2: identify the different performance obligations
Step 3: determine the transaction price
Step 4: allocate the transaction price to performance obligations
Step 5: recognise a revenue when the performance obligation is met

The Group has two main revenue streams; sales of spare parts, and servicing and repair. Revenue from contracts with customers is recognised under net sales.

Sales of goods

The Group sells used and remanufactured products and, to a certain extent, newly manufactured products. The sale is recognised as income at a given point in time when the transfer of control has taken place. There are different delivery terms for goods for which transport is included. Common delivery terms at Autocirc mean that the control is transferred to the customer upon distribution from the warehouse. At this point in time, Autocirc considers that it has handed over complete control according to a weighted assessment of when:

- the Group is entitled to payment for the asset,
- the customer has legal ownership of the asset,
- the customer has the significant risks and rewards associated with ownership of the asset,
- the customer has approved the access; and
- the Group has transferred physical ownership of the asset.

Revenue from the sale of products is recognised based on contractual prices and revenue is recognised only to the extent that it is highly probable that a material reversal will not occur.

Servicing/repair

Autocirc recognises revenue when the servicing/repair has been performed and delivered to the customer, as the servicing and repair actions performed by Autocirc are almost exclusively brief actions performed in one day (or a maximum of a couple of days).

Freight

Revenue is recognised when the spare part leaves Autocirc's warehouse, regardless of the delivery terms that apply due to the short delivery time. Therefore, as the delivery time is short, the revenue for the transport service is recognised at the same time as the sale of the goods.

Interest income

Interest income is recognised using the effective interest method.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income, except for when it relates to items recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income and equity, respectively.

The current tax expense is calculated on the basis of the tax rules enacted or substantively enacted at the balance sheet date in the countries in which the Parent Company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns for situations where applicable tax rules are subject to interpretation. Where deemed appropriate, the Group makes provisions for amounts likely to be due to the tax authorities.

Deferred tax is recognised on all temporary differences arising between the taxable value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is not recognised if it arises from a transaction that is the initial recognition of an asset or liability that is not a business combination and, at the time of the transaction, affects neither recognised nor taxable profit or loss. Deferred tax is calculated using tax rates (and laws) that have been enacted or of which notification has been given by the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future tax surpluses will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority and concern either the same taxable entity or different taxable entities, where there is an intention to settle the balances through net payments.

Leases

The Group is a lessee only. The Group's leases relate mainly to machinery, vehicles, premises and IT equipment. Leases are normally signed for fixed periods ranging from 36 months to 20 years, with the possibility of renewal. Leases are recognised as right-of-use assets and a corresponding liability, at the date that the leased asset is available for use by the Group. Each lease payment is allocated between debt repayment and interest. Interest is spread over the lease term so that each accounting period is charged with an amount equal to a fixed rate of interest on the liability recognised in that period.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. If the Group is reasonably certain to exercise a purchase option, the right of use is amortised over the useful life of the underlying asset.

Assets and liabilities arising from leases are initially recognised at their present value. Lease liabilities include the present value of the following lease payments:

- fixed fees, and
- variable lease payments that depend on an index
- the exercise price of an option to purchase if the Group is reasonably certain to exercise such an option.

Lease payments that will be made for reasonably certain renewal options are also included in the measurement of the liability.

Lease payments are discounted at the implicit interest rate of the lease. If this interest rate cannot be determined easily, which is normally the case for the Group's leases, the Group's marginal lending rate is used, which is the interest rate that the Group would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and collateral.

Right-of-use assets are measured at cost and include the following:

- the initial measurement of the lease liability and
- payments made on or before the date on which the leased asset is made available to the lessee.

The Group is exposed to possible future increases in variable lease payments based on an index or interest rate, which are not included in the lease liability until they become effective. When adjustments to lease payments based on an index or interest rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.

Lease payments relating to short-term leases and leases for which the underlying asset has a low value are recognised as an expense on a straight-line basis over the lease term. Short-term leases are leases with a term of 12 months or less. These are negligible amounts.

Options to extend and terminate contracts

Options to extend or terminate contracts are included in the Group's leases, mainly for property. The terms and conditions are used to maximise flexibility in the management of leases. Options to extend or terminate contracts are included in the asset and liability when it is reasonably certain that they will be exercised.

Borrowing costs

Borrowing costs are expensed in the period in which they occur and recognised in finance costs.

Inventories

Inventories are recognised at the lower of the acquisition cost and the net realisable value. Net realisable value is the estimated selling price in operating activities, less any applicable directly attributable selling expenses. The respective Group company comply with accepted industry standards. The cost is allocated on a first-in, first-out basis.

Non-current intangible assets

(a) Website

Websites acquired as part of a business combination are recognised at fair value at the acquisition date and amortised on a straight-line basis over their expected useful lives. The expected useful life is 5 years, which corresponds to the expected time they will generate cash flow. Websites are recognised at cost less accumulated amortisation and impairment.

(b) Goodwill

Goodwill represents future economic benefits that arise from a business combination but are not individually identified and separately recognised. Goodwill is not amortised, but is tested for impairment annually or more frequently if events or changes in circumstances indicate a possible decrease in value. Goodwill is recognised at cost less accumulated impairment. Upon sale of an entity, the carrying amount of goodwill is included in the resulting gain/loss.

In order to test for impairment, goodwill acquired in a business combination is allocated to the business areas that are expected to benefit from the synergies of the combination. Each business area to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored in internal management.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Expenditure that is directly attributable to the purchase of the asset is included in cost.

Additional expenditures are added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is removed from the balance sheet. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they arise.

Depreciation of assets, in order to allocate their cost down to their estimated residual value over their estimated useful lives, is calculated on a straight-line basis as follows:

- Buildings and land (10–50 years)
- Machinery and other technical facilities (10–50 years)
- Inventory, tools and fixtures and fittings (5–10 years)

The residual values and useful lives of assets are reviewed at the end of each reporting period and adjusted if necessary.

The carrying amount of an asset is impaired immediately to its recoverable value if the asset's carrying amount exceeds its expected recoverable value. Gains and losses on disposal are determined by comparing the proceeds from the sale with the carrying amount and are recognised net in other operating income/other operating expenses in the statement of comprehensive income.

Impairment of intangible non-current assets and property, plant and equipment

Goodwill, which has an indefinite useful life, is not amortised but is tested annually, or, if there is an indication of depreciation in value, is tested for possible impairment. Amortised assets are assessed based on a decline in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is taken at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. In assessing the impairment, assets are grouped at the lowest levels at which there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have been previously impaired, an assessment is made at each balance sheet date as to whether a reversal should be made.

Financial instruments

The Group's financial assets and liabilities comprise the following items: *other securities held as non-current assets, other non-current receivables, trade receivables, other receivables, accrued income, cash and cash equivalents, liabilities to credit institutions, trade payables, other current liabilities and accrued expenses.*

The carrying amounts of financial assets and liabilities are a reasonable approximation of their fair values.

a) Initial recognition

Financial assets and liabilities are recognised when the Group becomes party to the terms of the instrument. Purchases and sales of financial assets and liabilities are recognised at the transaction date, the date on which the Group commits to purchase or sell the asset.

Financial instruments are initially recognised at fair value plus, for an asset or financial liability not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commission. Transaction costs for financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

b) Financial assets - Classification and measurement

The Group classifies and measures all its financial assets in the amortised cost category. The classification of financial assets depends on the Group's business model for managing financial assets and the contractual terms of the assets' cash flows.

Assets held for the purpose of collecting contractual cash flows and where such cash flows represent only principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses recognised (see Impairment of Financial Assets below). The Group's financial assets measured at amortised cost consist of the items *investments in other companies, trade receivables, other receivables, accrued income, and cash and cash equivalents.*

c) Financial liabilities: classification and measurement

The Group classifies and measures all its financial liabilities in the amortised cost category and fair value through profit or loss. Financial liabilities at fair value through profit or loss consist of contingent consideration in business combinations. Financial liabilities measured at fair value through profit or loss are also recognised in subsequent periods at fair value, with the change in value recognised in the statement of comprehensive income.

The Group's other financial liabilities are measured after initial recognition at amortised cost using the effective interest method. Financial liabilities consist of *liabilities to credit institutions, trade payables, other current liabilities and accrued expenses.*

d) Derecognition of financial assets and financial liabilities

Financial assets are derecognised from the statement of financial position when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities are removed from the statement of financial position when the contractual obligation has been discharged or is otherwise extinguished. When the terms of a financial liability are renegotiated, and not derecognised from the balance sheet, a gain or loss is recognised in the statement of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

e) Impairment of financial assets

The Group assesses the future expected credit losses associated with assets recognised at amortised cost. The Group recognises a credit loss reserve for such expected credit losses at each reporting date. For trade receivables, the Group applies the simplified approach for credit reserves, i.e., the reserve will be equal to the expected loss over the entire life of the receivable. To measure the expected credit losses, trade receivables have been grouped based on allocated credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated statement of comprehensive income under *other external expenses.*

Trade receivables

Trade receivables are amounts due from customers for goods sold in operating activities. Trade receivables are classified as current assets. Trade receivables are initially recognised at transaction price. The Group holds the trade receivables for the purpose of collecting contractual cash flows. Trade receivables are therefore measured at subsequent reporting dates at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include, in both the balance sheet and the cash flow statement, only bank deposits. Overdraft facilities are recorded in the balance sheet as loan liabilities under current liabilities.

Equity

Share capital: Ordinary shares are classified as share capital.
Share premium reserve: Share premium received on new share capital issue. Transaction costs directly attributable to a new share issue are recognised, net of tax, in the share premium reserve. The share premium reserve constitutes unrestricted equity.
Translation reserve: Includes exchange rate differences from the translation of financial statements of the Group's foreign operations into SEK.

Retained earnings include all retained profits for the current and previous financial years.

All transactions with Parent Company shareholders are recognised separately in equity.

Trade payables

Trade payables are financial instruments and refer to obligations to pay for goods and services acquired in operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost and any difference between the amount received (net of transaction costs) and the amount to be repaid is recognised in the income statement over the period of borrowing, using the effective interest rate method. Borrowing costs have reduced the amount of the loan.

Borrowings are derecognised from the balance sheet when the obligations have been settled, cancelled or otherwise ceased. The difference between the carrying amount of a financial liability (or part of a financial liability) that has extinguished or been transferred to another party and the consideration paid, including non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period.

Employee benefits

a) Short-term employee benefits

Liabilities for salaries and benefits, including non-monetary benefits and paid absence, which are expected to be settled within 12 months after the end of the financial year, are recognised as current liabilities at the undiscounted amount expected to be paid when the liabilities are settled. The cost is recognised in profit or loss as the services are performed by the employees. The liability is recognised as an employee benefit obligation in the consolidated balance sheet.

b) Pension obligations

The Group operates mainly defined-contribution pension plans. A defined-contribution plan is a pension plan under which the company pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligation to pay additional contributions if this legal entity does not have sufficient assets to pay all employee benefits related to the employees' service in the current or previous periods. The contributions are recognised as an employee benefits expense in profit or loss as they fall due.

The Group also has a pension commitment which is secured by an endowment insurance policy. The employee bears the current risk and the investment risk and the Group bears no risk in this regard. Pension commitments secured by endowment insurance are therefore classified as defined-contribution pension plans and the asset (the endowment insurance) and liability (the pension commitment) are consequently not recognised in the statement of financial position.

Dividends

Dividends paid to shareholders of the Parent Company are recognised as a liability in the consolidated financial statements in the period in which the dividend is approved by the shareholders of the Parent Company.

Cash flow statement

The cash flow statement is prepared using the indirect method. The recognised cash flow only includes transactions that involve payments made or payments received.

Accounting and valuation policies of the Parent Company

The Parent Company applies the same accounting and valuation policies as the Group, except in the following cases:

Presentation format

The income statement and balance sheet follow the format stipulated by the Annual Accounts Act. The statement of changes in equity also follows the Group's presentation format but includes the columns specified in the Annual Accounts Act. It also involves a difference in designations, compared with the consolidated financial statements, mainly with regard to finance income and expenses and equity.

Investments in subsidiaries

Investments in subsidiaries are recognised at cost less any impairment losses. Cost includes acquisition-related expenses and any contingent consideration.

When there is an indication that the value of investments in subsidiaries has decreased, a calculation of the recoverable amount is made. If this is less than the carrying amount, an impairment loss is recognised. Impairment losses are recorded in 'Income from investments in Group companies'.

NOTE 4 Financial risk management

Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the points set out in RFR 2 (IFRS 9 *Financial Instruments*, pp. 3–10). Financial instruments are therefore measured at amortised cost.
In subsequent periods, financial assets acquired with the intention of being held in the short term will be recognised for in accordance with the lowest value principle, at cost or market value, whichever is lower.

Financial risk factors

The Group's activities expose it to a variety of financial risks such as: various market risks, credit risk, liquidity risk and refinancing risk. The Group seeks to minimise potential adverse effects on the Group's financial performance. The objective of the Group's financial activities is to:

- ensure that the Group can meet its payment obligations,
- manage financial risks,
- ensure access to the necessary funding; and
- optimise the Group's net financial items.

The Group's risk management is overseen by a central finance department that identifies, evaluates and hedges financial risks in close cooperation with the Group's operational units. The Group has a finance policy, which sets out the guidelines and a framework for the Group's financial activities. Responsibility for managing the Group's financial transactions and risks is centralised in the Parent Company.

(a) Market risk

Currency risk

The Group is exposed to currency risks arising from various currency exposures, mainly in Norwegian kroner (NOK), euro (EUR) and pounds sterling (GBP). In the case of some acquisitions, a currency risk arises between the agreed purchase price and the actual transaction date. To financially hedge future flows in foreign currencies, an assessment is made at each point in time as to whether or not to enter into currency forward contracts.

Exposures	31/12/2021			31/12/2020
	EUR	GBP	NOK	EUR
Financial assets	14,172,943	26,709,516	18,282,333	10,828,892
Financial liabilities	-13,868,214	-5,416,344	-5,453,294	-16,758,235
Net exposure	304,729	21,293,172	12,829,039	-5,929,343

If SEK had weakened/strengthened by 10% against GBP, all other variables being equal, the restated profit after tax for the 2021 financial year would have been SEK 2.2 million lower/higher, largely as a result of gains/losses on the restatement of trade receivables.

If SEK had weakened/strengthened by 10% against EUR, all other variables being equal, the restated profit after tax for the 2021 financial year would have been SEK 30 thousand lower/higher, largely as a result of gains/losses on the restatement of trade payables.

If SEK had weakened/strengthened by 10% against NOK, all other variables being equal, the restated profit after tax for the 2021 financial year would have been SEK 1.2 million lower/higher, largely as a result of gains/losses on the restatement of trade payables.

Interest rate risk

Liabilities to credit institutions carry variable interest rates and expose the Group to cash flow interest rate risk. The Group does not hedge its interest rate risk on future cash flows.

(b) Credit risk

Credit risk arises from balances with banks and credit institutions and customer credit exposures, including outstanding receivables. Credit risk is managed by Group management. Only banks and credit institutions with a minimum credit rating of 'A' from independent assessors are accepted.

Credit risk is managed at Group level, with the exception of credit risk on outstanding trade receivables. Each Group company is responsible for monitoring and analysing the credit risk of each new customer. In cases where no independent credit assessment is available, a risk assessment of the customer's creditworthiness is carried out, taking into account the customer's financial position, past experience and other factors. Individual risk limits are set based on internal or external credit assessments in accordance with the limits set by the Board of Directors. The use of credit limits is monitored regularly.

The Group has historically had low credit losses, mainly because its customers are largely linked to insurance companies, which are then responsible for payment. Car dealerships are also major customers. Small and non-recurring customers usually pay by debit card or Swish.

No credit limits were exceeded during the reporting period and management does not expect any losses due to non-payment from these counterparties.
The Group's estimate of expected credit losses on trade receivables amounts to immaterial amounts and therefore no adjustment has been made in the accounts.

(c) Liquidity risk

The Group uses prudent liquidity management to ensure that sufficient cash is available to meet the needs of operating activities. At the same time, it is ensured that the Group has sufficient headroom under its agreed credit facilities so that payment of liabilities can be made when they fall due.

Management monitors rolling forecasts of the Group's cash reserve (including undrawn credit facilities) and cash and cash equivalents based on expected cash flows. The analyses are normally carried out by the operating companies, taking into account the guidelines and constraints established by Group management. Limits vary across regions, taking into account the liquidity of different markets. The Group also monitors balance sheet-based liquidity measures against internal and external requirements and ensures access to external funding.

(d) Refinancing risk

Refinancing risk is defined as the risk of difficulties arising in refinancing the Group, of the inability to obtain financing, or it only being obtained at increased cost. The risk is limited by the Group's ongoing evaluation of different financing solutions.

The table below analyses the Group's financial liabilities by the time remaining at the balance sheet date until the contractual maturity date. The amounts shown in the table are the contractual, undiscounted cash flows excluding interest. Future cash flows in foreign currencies have been calculated using the exchange rate at the balance sheet date. The overdraft facility is expected to be renewed.

At 31 December 2020	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Liabilities to credit institutions		49,419,088	1,000,000			50,419,088	50,419,088
Overdraft facility		388,174				388,174	388,174
Lease liabilities		32,736	782,925	5,415,231	6,242,162	12,473,054	12,473,054
Trade payables	5,399,057					5,399,057	5,399,057
Other liabilities	2,254,184	9,438,579	1,000,000			12,692,763	12,692,763
Accrued expenses	3,576,457	2,306,415				5,882,872	5,882,872
Total	**5,570,047**	**17,437,381**	**1,782,925**	**5,415,231**	**6,242,162**	**87,255,008**	**87,255,008**

At 31 December 2021	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total contractual cash flows	Carrying amount
Financial liabilities							
Liabilities to credit institutions	4,875,000	15,762,310	19,500,000	230,083,521		270,220,831	270,220,831
Overdraft facility		51,696,193				51,696,193	51,696,193
Lease liabilities	6,831,687	20,485,060	31,305,351	65,151,521	71,815,839	195,599,457	195,599,457
Trade payables	30,981,949					30,981,949	30,981,949
Other liabilities	22,811,848	12,000,050	12,000,000	125,230,167		172,042,065	172,042,065
Accrued expenses	27,744,029	10,235,887				37,979,916	37,979,916
Total	**93,244,213**	**110,189,500**	**62,805,351**	**420,465,209**	**71,815,839**	**758,520,111**	**758,520,111**

NOTE 5 Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The resulting estimates for accounting purposes will, by definition, rarely correspond to actual results. The estimates and assumptions that have a significant risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year are outlined below.

(a) Inventory obsolescence

The companies in the Group carry out an annual inventory and stock analysis. Unsaleable stock is booked out and scrapped.

(b) Impairment testing of goodwill

The Group tests goodwill for impairment annually in accordance with the accounting policy described in Note 3. The recoverable amount of the cash-generating unit has been determined by calculating its value in use. Some estimates have to be made for the calculation. The calculation is based on the average of rolling 12-month EBITDA and rolling 12-month forecast EBITDA multiplied by the acquisition multiple. As Autocirc acquires companies in different segments and different countries, we value each country and segment with the respective holdings in different baskets.

(c) Lease liability uncertainty in estimates due to variable lease payments

Significant estimates and judgements concerning the term of the lease: In determining the term of a lease, management considers all available information that provides an financial incentive to exercise a renewal option, or not to exercise an option to terminate a lease. Options to extend a lease are included in the lease term only if it is reasonable to assume that the lease will be extended (or not terminated). Possible future cash flows have not been included in the lease liability as it is not reasonable to assume that the leases will be extended (or not terminated). The assessment is reviewed if there is a material event or change in circumstances that affects that assessment and the change is within the lessee's control.

NOTE 6 Net sales

According to IFRS 15, the note to net sales must include a breakdown of the distribution between *Sales of Goods, Servicing/Repair and Freight*. As the majority relates to the sale of goods, no such breakdown has been made.

Revenues from external customers by country, based on the location of customers	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Asia	1,500,409	0
Nordic countries	266,030,692	35,435,514
Europe excl. Nordic countries	150,010,419	15,275,117
Other countries	15,135,328	554,130
Total	**5,570,047**	**17,437,381**

NOTE 7 Remuneration of the auditors, Group

Remuneration of the auditors	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
PwC		
Audit assignment	-261,000	-171,839
Tax consulting	-307,500	0
Other services	-812,500	0
Total PwC	-1,381,000	-171,839
Other agencies		
Audit assignment	-253,254	0
Tax consulting	0	0
Other services	-370,963	0
Total, other agencies	-624,217	0
Total	**-2,005,217**	**-171,839**

NOTE 8 Employee benefits, etc., Group

Employee benefits	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Salaries and other benefits	-68,758,514	-7,459,274
Social security contributions	-11,837,297	-1,555,442
Pensions	-5,356,800	-769,902
Total	**-85,952,611**	**-9,784,618**

Average number of employees with geographical breakdown by country	01/01/2021 –31/12/2021		09/08/2019 –31/12/2020	
	Number at balance sheet date	Of which men	Number at balance sheet date	Of which men
Sweden	160	134	9	6
Norway	28	27	0	0
Finland	48	47	28	28
UK	42	39		
Group total	**278**	**247**	**37**	**34**

Gender distribution in the Group (incl. subsidiaries) for members of the Board and other senior executives	01/01/2021 –31/12/2021		09/08/2019 –31/12/2020	
	Number at balance sheet date	Of which men	Number at balance sheet date	Of which men
Board members	22	16	5	3
CEO and other senior executives	11	9	5	3
Group total	**33**	**25**	**5**	**3**

Guidelines

No fee is paid to the Chairman or members of the Board by Autocirc Group AB.

The General Meeting has decided on the following guidelines for remuneration of the executive management. Remuneration of the CEO and other senior executives consists of basic salary, other benefits, pension, etc. Other senior executives refers to the 3 people who, together with the CEO, make up Group management. Executive management is employed by Autocirc AB, a wholly owned subsidiary of Autocirc Group AB.

Pension benefits and other benefits to the CEO and other senior executives are paid as part of total remuneration.

No pension commitments have been made for Board members who are not permanently employed by a Group company.

NOTE 9 Other operating income, Group

Other operating income	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Rent	85,571	0
Foreign exchange gains	8,511	158,756
Gain on sale of non-current assets	6,015,007	0
Public funding	780,959	0
Own work capitalised	294,517	0
Profit from investments in Group companies	11,015,498	0
Other income	1,063,554	2,279,091
Total	**19,263,617**	**2,437,847**

NOTE 10 Other operating expenses, Group

Other operating expenses	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Exchange losses	-967,126	0
Loss on sale of non-current assets	-2,972,912	0
Other costs	-333,414	0
Total	**-4,273,452**	**0**

NOTE 11 Finance income and costs, Group

Finance income	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Interest income	61,283	1,221
Total finance income	**61,283**	**1,221**

Finance costs	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Exchange differences	-1,292,416	0
Interest expenses	-14,396,413	0
Other finance costs		-2,195,020
Total finance costs	**-15,688,838**	**-2,195,020**
Financial items, net	**-15,627,555**	**-2,193,799**

NOTE 12 Income tax, Group

The income tax on the Group's profit before tax differs from the theoretical amount that would have resulted from the use of the Swedish tax rate for the earnings of the consolidated companies as follows:

Income tax	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Profit/loss before tax	11,234,083	-1,798,160
Tax according to applicable tax rate	2,314,221	-370,421
Tax effect of:		
Other taxable income	87,202	1,540
Tax losses not capitalised	5,871,337	767,890
Non-taxable income	-1,515,681	0
Non-deductible expenses	6,369,400	707,260
Other tax adjustments	0	486,328
Difference in foreign tax rates	-173,907	-72,905
Total income tax	**12,952,572**	**1,519,692**

Income tax calculated according to the tax rate in Sweden (2021: 20.6%, 2020: 21.4%). The effective tax rate for the Group was **115.2%** (2020: **-84.5%**).

Loss carryforwards for which a deferred tax asset has not been recognised amount to SEK 32,089,910 (SEK 3,588,275). There is no time limit on the use of these deficits.

NOTE 13 Exchange differences, net, Group

Exchange differences have been recognised in the statement of comprehensive income as follows:

Exchange differences	01/01/2021 –31/12/2021	09/08/2019 –31/12/2020
Other operating income (Note 9)	8,511	158,756
Other operating expenses (Note 10)	-967,126	-140,370
Financial items, net (Note 11)	-1,292,416	0
Total	**-2,251,031**	**18,386**

NOTE 14 Investments in subsidiaries, Group

The Group had the following subsidiaries as of 31/12/2021:

Name	Country of registration and business	Operations	Proportion of ordinary shares owned directly by the Parent Company (%)	Proportion of ordinary shares owned directly by the Group (%)
Autocirc AB	Sweden	Holding business	100	100
Redox Bildelar AB	Sweden	Waste management & recycling	0	100
Redox Miljöhantering AB	Sweden	Waste management & recycling	0	100
Rewinner AB	Sweden	Trade	0	100
Eriksson Verkstad	Finland	Waste management & recycling	0	97
Eriksson Bilbärgning	Finland	Logistics	0	98
Jämtlands Bildemontering AB	Sweden	Waste management & recycling	0	100
Svensk Bilåtervinning AB	Sweden	Waste management & recycling	0	100
Nordic Motorcenter AB	Sweden	Trade	0	100
UBD Cleantech AB	Sweden	Process industry	0	100
Premier European Group Ltd	UK	Logistics	0	100
Østfold Bildemontering AS	Norway	Waste management & recycling	0	100
Vimmerby Bildemontering AB	Sweden	Waste management & recycling	0	100
Styrdon i Sverige AB	Sweden	Waste management & recycling	0	100
Autopalsta OY	Finland	Waste management & recycling	0	100
Riihimäen	Finland	Waste management & recycling	0	100
Norrbottens Bildemontering	Sweden	Waste management & recycling	0	100
Kungsåra Bildemontering AB	Sweden	Waste management & recycling	0	100

NOTE 15 Non-current intangible assets, Group

Financial year 2019/2020	Goodwill	Brands	Capitalised costs for development work	Total
Opening carrying amount	0	0	0	0
Acquisitions during the year	0	74,157	1,603,447	1,677,604
Through business combinations	42,345,213	0	0	42,345,216
Depreciation/amortisation for the year	0	-14,831	0	-14,831
Closing carrying amount	**42,345,213**	**59,326**	**1,603,447**	**44,007,986**

As of 31/12/2020	Goodwill	Brands	Capitalised costs for development work	Total
Acquisition cost	42,345,213	74,157	1,603,447	44,022,817
Accumulated depreciation/amortisation		-14,831	0	-14,831
Carrying amount	**42,345,213**	**59,326**	**1,603,447**	**44,007,986**

Financial year 2021	Goodwill	Brands	Capitalised costs for development work	Total
Opening carrying amount	42,345,213	59,326	1,603,447	44,007,986
Purchases during the year	0	471,700	2,247,715	2,719,415
Through business combinations	435,840,397	5,711	0	436,390,693
Disposals and retirements	0	0	-2,724,097	-2,724,097
Depreciation/amortisation for the year		-109,171	-1,227,065	-1,236,236
Closing carrying amount	**478,185,610**	**427,566**	**0**	**478,613,176**

As of 31/12/2021	Goodwill	Brands	Capitalised costs for development work	Total
Acquisition cost	478,185,610	551,568	1,227,065	479,864,243
Accumulated depreciation/amortisation		-124,002	-1,227,065	-1,251,067
Carrying amount	**478,185,610**	**427,566**	**0**	**478,613,176**

The impairment test for goodwill is monitored on a group-wide basis.

The recoverable amount for goodwill is established based on calculations of useful life. The CEO has assessed that sales growth, EBITDA margin, discount rate and long-term growth are the key assumptions in the impairment test. Value-in-use calculations are based on estimated future pre-tax cash flows, according to financial budgets approved by management covering a five-year period. The calculation is based on management experience and historical data. The long-term sustainable growth rate has been assessed on the basis of industry forecasts.

Sensitivity analysis of goodwill

The recoverable amount exceeds the carrying amount of goodwill by a margin. This is also the case for assumptions if
- the pre-tax discount rate had been 1% higher,
- the estimated growth rate for extrapolating cash flows beyond the five-year period had been 1% lower.

The most significant assumptions, apart from discount rate and long-term growth, are EBITDA margin and sales growth. A change in these two assumptions, each by 1%, would not result in impairment.

NOTE 16 Property, plant and equipment, Group

Financial year 2019/2020	Buildings and land	Machinery	Right-of-use assets	Equipment, tools, fixtures and fittings	Total
Opening cost	0	0	0	0	0
Acquisitions during the year	17,192,751	43,730	12,870,260	3,744,417	33,851,158
Through acquisition of subsidiaries	5,274,398	11,803,908			17,078,306
Reclassifications	-128,501	-70,195			-198,696
Depreciation/amortisation for the year	-280,365	-724,345	-351,932	-437,130	-1,793,772
Closing carrying amount	**22,058,283**	**11,053,098**	**12,518,328**	**3,307,287**	**48,936,996**

As of 31/12/2020	Buildings and land	Machinery	Right-of-use assets	Equipment, tools, fixtures and fittings	Total
Acquisition cost	22,338,648	11,777,443	12,870,260	3,744,417	50,730,768
Accumulated depreciation/amortisation	-280,365	-724,345	-351,932	-437,130	-1,793,772
Carrying amount	**22,058,283**	**11,053,098**	**12,518,328**	**3,307,287**	**48,936,996**

Financial year 2021	Buildings and land	Machinery	Right-of-use assets	Equipment, tools, fixtures and fittings	Total
Opening carrying amount	22,058,283	11,053,098	12,518,328	3,307,287	48,936,996
Acquisitions during the year	236,533	3,278,945	0	2,886,378	6,401,856
Through acquisition of subsidiaries	5,986,490	3,864,367	194,680,191	13,419,383	217,950,427
Disposals and retirements	-23,963,574	-720,168	0	0	-24,683,742
Depreciation/amortisation for the year	-570,776	-5,039,206	-10,782,332	-2,194,041	-18,586,354
Closing carrying amount	**3,746,956**	**12,437,036**	**196,416,184**	**17,419,007**	**230,019,183**

As of 31/12/2021	Buildings and land	Machinery	Right-of-use assets	Equipment, tools, fixtures and fittings	Total
Acquisition cost	4,598,097	18,200,587	207,550,448	20,050,178	250,399,309
Accumulated depreciation/amortisation	-851,141	-5,763,551	-11,134,264	-2,631,171	-20,380,126
Carrying amount	**3,746,956**	**12,437,036**	**196,416,184**	**17,419,007**	**230,019,183**

NOTE 17 Right-of-use assets, Group

The balance sheet includes the following amounts relating to the Group's leases:

Right-of-use assets, Group	Number	Remaining duration	31/12/2021	31/12/2020
Premises	31	2–20 years	194,213,049	10,732,248
Production machinery	15	1–4 years	1,368,256	1,590,433
Vehicles	7	0–3 years	834,879	198,203
Total	**42,345,213**	**59,326**	**196,416,184**	**12,542,584**

Leasing liabilities, Group	31/12/2021	31/12/2020
Non-current	176,771,677	11,623,328
Current	18,827,780	849,726
Total	**195,599,457**	**12,518,328**

Right-of-use assets of SEK 194,680,191 were added in 2021 (2020: SEK 12,870,270), see **Note 15**.

The income statement includes the following amounts related to leases:

Amortisation of right-of-use assets, Group	31/12/2021	31/12/2020
Premises	-9,880,418	-188,614
Production machinery	-309,661	-120,294
Vehicles	-592,253	-43,024
Total	**-10,782,332**	**-351,932**

Future lease payments are as follows:

31/12/2021	Within 1 year	1–3 years	3–5 years	After 5 years	Total
Lease payments	27,326,747	62,610,701	33,846,170	69,816,642	193,600,260
Finance costs	5,377,157	15,533,888	6,561,595	15,596,456	43,069,096

Lease payments	
Finance costs	
Carrying amount	

NOTE 18 Inventories, Group

The cost of inventories expensed is included in the item 'raw materials and consumables' in the statement of comprehensive income and amounts to **SEK 204,630** thousand (2020: SEK 25,481 thousand).

Inventories with a value of SEK 102,841 thousand (SEK 16,181 thousand) have been valued at the lower of cost and net realisable value.

NOTE 19 Financial instruments by category, Group

31/12/2020	Financial assets measured at fair value through profit or loss	Financial assets at amortised cost	Total
Assets on the balance sheet			
Other securities held as non-current assets		121,000	121,000
Trade receivables		9,888,189	9,888,189
Other current receivables		918,325	918,325
Accrued income		1,564,759	1,564,759
Cash and cash equivalents		16,518,174	16,518,174
Total		**29,010,447**	**29,010,447**

31/12/2020	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Liabilities on balance sheet			
Liabilities to credit institutions (current and non-current)		49,419,088	49,419,088
Liabilities to related parties		0	0
Other non-current liabilities		1,000,000	1,000,000
Conditional contingent consideration	5,000,000		5,000,000
Trade payables		5,399,057	5,399,057
Other current liabilities		11,692,763	11,692,763
Accrued expenses		5,882,872	5,882,872
Total	**5,000,000**	**73,393,780**	**78,393,780**

31/12/2021	Financial assets measured at fair value through profit or loss	Financial assets at amortised cost	Total
Assets on the balance sheet			
Other securities held as non-current assets		821,365	821,365
Trade receivables		50,821,418	50,821,418
Other current receivables		6,118,500	6,118,500
Accrued income		9,434,658	9,434,658
Cash and cash equivalents		89,346,400	89,346,400
Total		**156,542,341**	**156,542,341**

31/12/2021	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
Liabilities on balance sheet			
Liabilities to credit institutions (current and non-current)		270,220,831	270,220,831
Other non-current liabilities		3,190,167	3,190,167
Conditional contingent consideration	141,540,000		141,540,000
Lease liability (current and non-current)		195,599,457	195,599,457
Trade payables		30,981,649	30,981,649
Other current liabilities		27,311,898	27,311,898
Total	**141,540,000**	**496,322,353**	**637,862,353**

NOTE 20 Trade receivables, Group

Trade receivables	31/12/2021	31/12/2020
Trade receivables	51,179,226	9,892,265
Minus: provision for expected credit losses	-357,808	-4,076
Trade receivables, net	**50,821,418**	**9,888,189**

Recognised amounts, by currency, of the Group's trade receivables are as follows:

	31/12/2021	31/12/2020
EUR	6,994,994	4,440,833
GBP	9,093,242	
NOK	3,053,881	
SEK	31,679,301	5,447,356
Total	**50,821,418**	**9,888,189**

The fair value of trade receivables corresponds to their carrying amount, as there is no discounting effect.

No trade receivables have been pledged as collateral for any liability.

NOTE 21 Other trade receivables, Group

	31/12/2021	31/12/2020
Advance payments	1,613,620	0
Other	4,504,880	918,325
Total	**6,118,500**	**918,325**

NOTE 22 Prepaid expenses and accrued income, Group

	31/12/2021	31/12/2020
Prepaid rent	1,106,788	136,643
Prepaid insurance costs	389,206	76,884
Prepaid interest expense	70,545	0
Uninvoiced revenue	102,817	0
Other prepaid expenses	4,793,468	0
Other	2,971,834	1,351,232
Total	**9,434,658**	**1,564,759**

NOTE 23 Share capital and share premium account, Group

	Number of shares	Share capital	Other capital contributed
As of 09/08/2019			
Paid-up share capital	500	50,000	53,146,800
New share issue	532	53,200	0
Group restructuring, new Parent Company	-1,032	0	0
Split	52,000,000	0	0
As of 31/12/2020	**52,000,000**	**103,200**	**53,146,800**
Capital reorganisation	0	0	-1,971,415
Bonus issue	0	363,185	0
New share issue	51,200,000	49,615	0
As of 31/12/2021	103,200,000	516,000	51,175,385

The share capital consists of **103,200,000** ordinary shares with a quotient value of SEK 0.005 as of 31 December 2021.

All shares issued by the Parent Company are fully paid up.

NOTE 24 Trade receivables, Group

Long-term secured loans	31/12/2021	31/12/2020
Liabilities to credit institutions (bank loans)	249,583,521	0
Total secured loans	**249,583,521**	**0**

Long-term unsecured loans	31/12/2021	31/12/2020
Vendor loans	3,000,000	1,000,000
Contingent consideration	134,040,000	0
Other non-current liabilities	190,167	0
Total unsecured loans	**137,230,167**	**1,000,000**

Short-term secured loans	31/12/2021	31/12/2020
Liabilities to credit institutions (bank loans)	20,637,310	49,419,088
Overdraft facility	51,696,193	388,174
Total short-term secured loans	**72,333,503**	**49,807,262**

Short-term unsecured loans	31/12/2021	31/12/2020
Vendor loans	7,000,000	2,500,000
Contingent consideration	7,500,000	5,000,000
Other current liabilities	20,311,898	4,192,763
Total short-term unsecured loans	**34,811,898**	**11,692,763**
Total borrowings	**493,959,089**	**62,500,025**

Liabilities to credit institutions mature by 31/01/2029 and interest is calculated according to a 'net debt/EBITDA covenant'. The Group's borrowings are in SEK/EUR and the Group has met all borrowing terms and conditions for the year.

See Note 30 for changes in liabilities in financing activities.

Short-term borrowings

Liabilities to credit institutions and related parties classified as short-term refer to that portion of the loan that does not have an unconditional right to defer payment of the liability for at least 12 months after the end of the reporting period. Used portion of the overdraft facility in short-term borrowings.

Liabilities to credit institutions have been secured by floating charges and property mortgages to a value of **SEK 37,080,000.** For further information see **Note 31**.

The fair value of these non-current liabilities has been calculated using cash flows discounted at current loan interest. They are classified as level 3 in the fair value hierarchy using unobservable data, including own credit risk.

Overdraft facility

The Group has an approved overdraft facility in SEK of SEK 75,000 thousand. Of the approved overdraft facility, SEK 51,696 thousand has been used as of 31 December 2021 (SEK 388 thousand as of 31/12/2020).

Except for the above-mentioned overdraft facility, there are no unused credit facilities within the Group.

Maturity date	Type of loan	Interest rate	Currency	Carrying amount	
Loans from credit institutions		**31/12/2021**		**31/12/2021**	**31/12/2020**
Nordea Bank Abp 28/01/2026	Subordinated debt	3.3%	SEK	127,350,000	0
Nordea Bank Abp 28/01/2027	Subordinated debt	3.75%	SEK	139,000,000	0
Swedbank 31/01/2029	Subordinated debt	1.8%	EUR	513,500	650,000
SEB	Subordinated debt		SEK	0	7,500,000
SEB	Subordinated debt		SEK	0	30,0000

NOTE 25 Deferred tax, Group

Deferred tax liabilities are allocated as follows:

Deferred tax liabilities	Untaxed reserves	Property, plant and equipment	Right-of-use asset	Total
As of 09/08/2019				
Recognised in the statement of comprehensive income				
As of 31/12/2020				
Recognised in the statement of comprehensive income	3,505,364			3,505,364
As of 31/12/2021	3,505,364			3,505,364

Deferred tax assets	Loss carry forwards	Property, plant and equipment	Lease liability	Total
As of 09/08/2019				
Increase through business com- binations				
Recognised in the statement of comprehensive income				
As of 31/12/2020				
Increase through business com- binations		219,875		219,875
Recognised in the statement of comprehensive income				
As of 31/12/2021		219,875		219,875

Deferred tax assets are recognised for tax loss carryforwards or other deductions to the extent that it is probable that they can be used against future taxable profits.

NOTE 26 Other non-current liabilities, Group

Other non-current liabilities	31/12/2021	31/12/2020
Contingent consideration	134,040,000	0
Other items	3,190,167	1,000,000
Total	137,230,167	1,000,000

NOTE 27 Accrued expenses and deferred income, Group

Accrued expenses and deferred income	31/12/2021	31/12/2020
Accrued interest expense	147,800	0
Accrued salaries	1,130,209	0
Accrued holiday pay	10,235,887	2,306,415
Accrued social security costs	3,347,048	602,003
Other	23,118,972	2,974,454
Total	37,979,916	5,882,872

NOTE 28 Pledged assets and contingent liabilities, Group

Pledged assets	31/12/2021	31/12/2020
Property mortgages	2,000,000	1,730,000
Floating charges	35,080,000	0
Pledged shares in subsidiaries	163,769,682	0
Total	200,849,682	1,730,000

The Group had contingent liabilities arising from:

Contingent liabilities	31/12/2021	31/12/2020
Certificate of shipment warranty for Västmanland County Administra- tive Board	1,500,000	0
Bank guarantee	400,000	0
Other	680,765	0
Örebro County Administrative Board guarantee commitment	550,000	0
Total	3,130,765	0

NOTE 29 Transactions with related parties, Group

Autocirc Industriutveckling AB owns 100% of the Parent Company's shares and has a controlling influence over the Group. Related parties are all subsidiaries in the Group and senior executives of the Group and their related parties. Transactions are carried out on market terms.

The following transactions have taken place with related parties:

a) Sale of goods and services	31/12/2021	31/12/2020
Between subsidiaries	17,415,474	
Total	**17,415,474**	

(b) Purchase of goods and services	31/12/2021	31/12/2020
Between subsidiaries	17,499,897	
Total	**17,499,897**	

Receivables and payables at year-end arising from sales and purchases of goods and services	31/12/2021	31/12/2020
Receivables from related parties:		
Between subsidiaries	29,637,797	
Liabilities to related parties:		
Between subsidiaries	29,865,417	

Loans from related parties	31/12/2021	31/12/2020
At start of year	0	0
Loans taken out during the year	2,073,596	0
Repaid amounts	-2,055,875	0
At year-end	**17,721**	**0**

Loans from related parties refer to a former co-owner in an acquired business. Market conditions apply. The loan has been fully repaid in 2022.

The Group has no provisions for bad debts attributable to related parties. The Group has also not recognised any costs relating to bad debts with related parties during the period. No collateral is provided for these receivables.

For remuneration of key personnel, see Note 8.

NOTE 30 Changes in liabilities related to financing activities, Group

	09/08/2019	Cash inflow	Cash outflow	Non-cash items	31/12/2020
Lease liability	0	0	-397,207	12,870,261	12,473,054
Liabilities to credit institutions	0	33,611,826	-8,245,657	24,052,919	49,419,088
Other liabilities	0	3,500,000	0	0	3,500,000
Overdraft facility	0	388,174			388,174
Total	**0**	**37,500,000**	**-8,642,864**	**36,923,180**	**65,780,316**

	01/01/2021	Cash inflow	Cash outflow	Non-cash items	31/12/2021
Lease liability	12,473,054	0	-17,976,928	201,103,331	195,599,457
Liabilities to credit institutions	49,419,088	42,831,074	0	177,970,669	270,220,831
Other liabilities	3,500,000	140,730,167	0	0	144,230,167
Overdraft facility	388,174	51,308,019			51,696,193
Total	**65,780,316**	**234,869,260**	**-17,976,928**	**379,074,000**	**661,746,648**

NOTE 31 Business combinations

When the Group was formed, it embarked on a journey of expansion and growth, with both new acquisitions and new markets. The acquisitions made during the comparative year, the current year and after the end of the financial year are shown below.

Business combinations in the 2019/2020 financial year

During the 2019/2020 financial year, the Group acquired 100% of the share capital of five companies, all of which operate in waste management and recycling. The following table summarises the purchase price paid for the five companies, with no single acquisition being of significant size, and the fair value of assets acquired and liabilities assumed, recognised at the dates of acquisition.

Purchase price	
Amount settled in cash	54,761,755
Amount settled by promissory note	3,500,000
Contingent consideration	5,000,000
Total	**63,261,755**

Recognised amounts of identified net assets	
Non-current intangible assets	
Property, plant and equipment	20,881,646
Right-of-use assets	
Total non-current assets	**20,881,646**
Inventories	18,015,945
Trade and other receivables	9,879,684
Cash and cash equivalents	11,010,191
Total current assets	**38,906,820**
Deferred tax liabilities	13,129,700
Non-current liabilities	276,000
Provisions	13,405,700
Total non-current liabilities	**63,261,755**
Lease liabilities	
Trade and other payables	25,428,853
Total current liabilities	**25,428,853**
Identifiable net assets	**20,953,913**
Minority interests	801,064
Goodwill	**43,108,906**
Acquisition costs recognised in other external charges	2,315,166

Goodwill is attributable to significant synergies, mainly in the form of increased market share, high profitability of acquired businesses, specific skills of the employees of the acquired companies and expected synergies on the cost side. No part of the recognised goodwill is expected to be tax deductible.

In some cases, the purchase agreements provided for contingent consideration if the acquired businesses achieve a certain level of profit. Compensation will be paid in 2022 and 2023, see table below. As of 31/12/2021, there have been no changes in the calculation of the likely payment.

The fair value of trade and other receivables acquired as part of the business combination amounted to SEK 9,879,684, with an agreed gross amount of SEK 9,879,684. At the acquisition date, the Group's best estimate of the contractual cash flows not expected to be paid was SEK 0.

Income and profit of acquired businesses

The income from the above acquisitions included in the consolidated statement of comprehensive income since the acquisitions amounts to SEK 45,917,798. The businesses also contributed profit of SEK 5,684,492 for the same period. If the companies had been acquired at the start of the financial year, the Group's revenue for the financial year would have increased by SEK 65,896,615 and profit for the year would have increased by SEK 5,560,114.

Contingent consideration – maximum amount	
Earn-out, 2022	5,000,000

Purchase price – cash outflow	
Cash flow used to acquire subsidiaries, less cash and cash equivalents acquired:	
Cash purchase price	54,761,755
Less: Acquired cash and cash equivalents	11,010,191
Net cash outflow of cash and cash equivalents - investing activities	**43,750,564**

Business combinations during the 2021 financial year

Premier European Group Ltd

On 31 March 2021, the Group acquired 100% of the share capital of a UK-based waste management and recycling company.

The following table summarises the purchase price paid for Premier European Group Ltd and the fair value of assets acquired and liabilities assumed, recognised at the date of acquisition.

Purchase price as of 31/03/2021	
Cash and cash equivalents	50,016,818
Contingent consideration	57,735,625
Total purchase price paid	**107,752,443**

Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	5,849,595
Non-current assets	3,168,022
Other current assets	56,617,495
Deferred tax liabilities	
Trade and other payables	9,768,309
Total identifiable net assets	**55,866,803**
Goodwill	**51,885,640**

Goodwill is attributable to significant synergies, mainly in the form of increased market share, high profitability of acquired businesses, specific skills of the employees of the acquired companies and expected synergies on the cost side. No part of the recognised goodwill is expected to be tax deductible.

Income and profit of acquired business

The income from Premier European Group Ltd included in the consolidated statement of comprehensive income since 31 March 2021 amounts to SEK 80,562,686. Premier European Group Ltd also contributed profit of SEK 6,559,970 for the same period. If the company had been acquired at the start of the financial year, the Group's revenue for the financial year would have increased by SEK 76,575,186 and profit for the year would have increased by SEK 16,169,718.

Acquisition-related costs
Acquisition-related costs of SEK 8,987,325 are included in other operating expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Contingent consideration – maximum amount	
Earn-out, 2021	16,575,625
Earn-out, 2-4	41,160,000

Purchase price – cash outflow	
Cash flow used to acquire subsidiaries, less cash and cash equivalents acquired:	
Cash purchase price	50,016,818
Less: Acquired cash and cash equivalents	-5,849,595
Net cash outflow of cash and cash equivalents - investing activities	**44,167,223**

UBD Cleantech AB
On 25 February 2021, the Group acquired 100% of the share capital of a waste management and recycling company. The following table summarises the purchase price paid for UBD Cleantech AB and the fair value of assets acquired and liabilities assumed, recognised at the date of acquisition.

Purchase price as of 25/02/2021	
Amount settled in cash	48,000,000
Contingent consideration	80,000,000
Total purchase price paid	**128,000,000**

Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	565,763
Non-current assets	2,488,859
Other current assets	5,278,520
Deferred tax liabilities	0
Trade and other payables	1,889,935
Total identifiable net assets	**6,443,207**
Goodwill	**121,526,793**

Goodwill is attributable to significant synergies, mainly in the form of increased market share, high profitability of acquired businesses, specific skills of the employees of the acquired companies and expected synergies on the cost side. No part of the recognised goodwill is expected to be tax deductible.

Income and profit of acquired business
The income from UBD Cleantech AB included in the consolidated statement of comprehensive income since 25 February 2021 amounts to SEK 23,154,035. UBD Cleantech AB also contributed profit of SEK 1,841,811 for the same period. If the company had been acquired at the start of the financial year, the Group's revenue for the financial year would have increased by SEK 3,320,635 and profit for the year would have decreased by SEK 607,438.

Acquisition-related costs
Acquisition-related costs of SEK 708,207 are included in other operating expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Contingent consideration – maximum amount	
Earn-out, 2024	80,000,000

Purchase price – cash outflow	
Cash flow used to acquire subsidiaries, less cash and cash equivalents acquired:	
Cash purchase price	48,000,000
Less: Acquired cash and cash equivalents	-565,763
Net cash outflow of cash and cash equivalents - investing activities	**47,434,237**

Other acquisitions in 2021
In 2021, the Group acquired 100% of the share capital of 11 companies active in waste management and recycling. The following table summarises the purchase price paid for these companies and the fair value of assets acquired and liabilities assumed, recognised at the date of acquisition.

Purchase price as of 31/12/2021	
Amount settled in cash	359,245,751
Amount settled by promissory note	9,000,000
Contingent consideration	13,200,000
Total purchase price paid	**381,445,751**

Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	57,765,595
Non-current assets	33,156,618
Other current assets	54,689,166
Non-current liabilities	-649,350
Trade and other payables	-64,362,608
Total identifiable net assets	**80,599,421**
Excess value in property	35,714,039
Goodwill	**265,132,291**

Goodwill is attributable to significant synergies, mainly in the form of increased market share, high profitability of acquired businesses, specific skills of the employees of the acquired companies and expected synergies on the cost side. No part of the recognised goodwill is expected to be tax deductible.

Acquisition-related costs
Acquisition-related costs of SEK 10,511,405 are included in other operating expenses in the consolidated statement of comprehensive income and in operating activities in the cash flow statement.

Purchase price – cash outflow	01/01/2021–31/12/2021
Cash flow used to acquire subsidiaries, less cash and cash equivalents acquired:	
Cash purchase price	359,245,751
Less: Acquired cash and cash equivalents	-57,765,595
Net cash outflow of cash and cash equivalents - investing activities	**301,480,156**

Revenues and profit of acquired businesses
The income from the above acquisitions included in the consolidated statement of comprehensive income since the acquisitions amounts to SEK 189,247,048. The businesses also contributed profit of SEK 28,066,084 for the same period. If the companies had been acquired at the start of the financial year, the Group's revenue for the financial year would have increased by SEK 124,311,570 and profit for the year would have increased by SEK 15,797,321.

Business combinations in 2022

The Group has undertaken 10 more business combinations in 2022: Walters Bildelar AB, Alingsås Bildelar AB Svenssons Bildemontering AB, Frykmalm i Karlstad AB, Karlstad Bildemontering, Bil & Skadeservice Klippan AB, Bildelslagret i Lidköping AB, Bildelslagret i Trollhättan AB, AB Magnus Bildemontering and Skjeberg Bilopphugget AS.

The acquisition analyses for these acquisitions have not yet been completed, so no information can be provided in these financial statements.

NOTE 32 Adjustments for non-cash items, Group

	31/12/2021	31/12/2020
Depreciation/amortisation	22,452,348	1,808,604
Capital gains/losses	-16,814,286	0
Exchange rate differences	6,193,863	1,592,024
Share in earnings of associated companies	-9	0
Changes in provisions	246,012	0
Total	**12,077,928**	**3,400,628**

NOTE 33 Financial instruments measured at fair value, Group

	31/12/2021	31/12/2020
Contingent consideration	139,040,000	7,500,000
Total	**139,040,000**	**7,500,000**

NOTE 34 Transition to IFRS

The Group's transition to IFRS was carried out in 2020, which was the Group's first financial year. The Group therefore does not present a balance sheet at the start of the comparative year.

The adjustments in the Group relate to the reversal of amortisation of goodwill and the revaluation of right-of-use assets regarding leases other than those that under C3 are financial leases and concern acquisition-related costs that have, in line with C3, been recognised as part of goodwill but that under IFRS must be expensed.

Amount in SEK	Note	Under C3	Total impact of transition to IFRS	Under IFRS
ASSETS AS OF 31/12/2020				
Non-current assets				
Non-current intangible assets				
Brands	16	59,326	0	59,326
Goodwill	16	41,747,322	-2,315,166	42,345,213
			2,924,372	
			-11,315	
Capitalised development expenditure		1,603,447	0	1,603,447
		43,410,095	**597,891**	**44,007,986**
Property, plant and equipment				
Buildings and land	15	22,058,283	0	22,058,283
Machinery and other tech. equipment	15	11,053,098		11,053,098
Right-of-use assets			12,518,328	12,518,328
Equipment, tools, fixtures and fittings	15	3,307,287	0	3,307,287
		36,418,668	**12,518,328**	**48,936,996**
Non-current financial assets				
Other securities		121,000	0	121,000
Other non-current receivables	17	225,421	0	225,421
		346,421		346,421
Total non-current assets		**80,175,184**	**13,116,219**	**93,291,403**
Current assets				
Inventories				
Finished goods and goods for resale	19	16,181,658	0	16,181,658
Current receivables				
Trade receivables	21	9,888,189	0	9,888,189
Other receivables	22	918,325	0	918,325
Prepaid expenses and accrued income	23	1,564,759	0	1,564,759
Cash and cash equivalents	24	16,518,174	0	16,518,174
Total assets		**125,246,289**	**13,116,219**	**138,362,508**

Amount in SEK	Note	Under C3	Total impact of transition to IFRS	Under IFRS
EQUITY AND LIABILITIES AS OF 31/12/2020				
Equity	**25**			
Share capital		103,200	0	103,200
Other capital contributed		53,146,800	0	53,146,800
Reserves		-1,277,843	-11,315	-1,289,158
Retained earnings (incl. profit/loss for the year)		-3,404,516	639,054	-2,765,462
Equity, Parent Company shareholders		48,567,641	632,265	49,195,380
Non-controlling interests		769,209	15,426	784,635
Total equity		**49,336,850**	**643,165**	**49,980,015**
Non-current liabilities				**0**
Deferred tax liabilities		265,740	0	265,740
Lease liabilities		0	11,623,328	11,623,328
Other non-current liabilities		1,000,000	0	1,000,000
Total non-current liabilities		**1,265,740**	**11,623,328**	**12,889,068**
Current liabilities				
Overdraft facility	26	388,174	0	388,174
Lease liabilities		0	849,726	849,726
Liabilities to credit institutions		49,419,088	0	49,419,088
Customer advances		36,691	0	36,691
Trade payables		5,399,057	0	5,399,057
Current tax liability		1,825,054	0	1,825,054
Other liabilities	30	11,692,763	0	11,692,763
Accrued expenses and deferred income	31	5,882,872	0	5,882,872
Total current liabilities		**74,643,699**	**849,726**	**75,493,425**
Total assets		**125,246,289**	**13,116,219**	**138,362,508**

Amount in SEK	Note	Under C3	Total impact of transition to IFRS	Under IFRS
2020				
Net sales	**6**	**51,264,761**	**0**	**51,264,761**
Own work capitalised		0	0	0
Other operating income	9	2,437,847	0	2,437,847
Total operating income		53,702,608	0	53,702,608
Raw materials and consumables		-25,480,770	0	-25,480,770
Other external expenses		-10,682,839	-2,315,166	-12,487,407
	17		510,598	
Personnel costs		-12,968,577	0	-12,968,577
Other operating expenses		0	0	0
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets	15, 16	-4,381,044	2,572,440	-1,808,604
Operating profit/loss		189,378	767,872	957,250
Income from securities and receivables that are non-current assets		0	0	0
Finance income		1,221	0	1,221
Finance costs	11	-2,081,628	-113,392	-2,195,020
Profit/loss before tax		-1,891,029	654,480	-1,236,549
Income tax	12	-1,519,692	0	-1,519,692
Profit/loss for the year		-3,410,721	654,480	-2,756,241
Other comprehensive income for the year				
Items that may be reclassified to profit or loss				
Exchange differences		0	0	0
Items that will not be reclassified to profit or loss				
Revaluation of net pension commitment		0	0	0
Income tax related to the above item		0	0	0
Total comprehensive income for the year		**0**	**0**	**0**
Total assets		**-3,410,721**	**654,480**	**-2,756,241**

NOTE 35 Investments in subsidiaries, Parent Company

The Parent Company holds shares in the following subsidiaries:

Name	Company reg. no.	Registered office and country of registration and business	Number of shares	Carrying amount 31/12/2021	Carrying amount 31/12/2020
Autocirc AB	559214-4314	Borås, Sweden	1,032	245,528,500	103,200,000

	31/12/2021	31/12/2020
Opening cost		103,200,000
Shareholders' contributions provided	142,328,500	
Closing accumulated acquisition cost	**245,528,500**	**103,200,000**
Opening accumulated impairment losses		
Impairment losses for the year		
Closing accumulated impairment losses	**0**	**0**
Closing carrying amount	**245,528,500**	**103,200,000**

NOTE 36 Principles and procedures for the management of capital, Group and Parent Company

The Group's asset management objectives are:
- to ensure the Group's ability to continue as a going concern; and
- to provide a appropriate return for shareholders.

The Group monitors capital on the basis of the carrying amount of equity as reported in the statement of financial position and cash flow hedges recognised in other comprehensive income.

The Group's capital management objective is to maintain an appropriate ratio of capital to total funding.

Management assesses the Group's capital needs in order to maintain an efficient overall funding structure while avoiding excessive leverage. The Group manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce liabilities.

NOTE 37 Events after the balance sheet date, Group

The Group's growth journey is continuing in 2022. In January 2022, Walters Bildelar AB and Alingsås Bildelar AB were acquired. February 2022 saw the acquisition of Svenssons Bildemontering AB, Frykmalm i Karlstad AB, Karlstad Bildemontering and Bil & Skadeservice Klippan AB. In March, Bildelslagret i Lidköping AB, Bildelslagret i Trollhättan AB and AB Magnus Bildemontering joined the Group. Finally, in April, the Norwegian company Skjeberg Bilopphugget AS was acquired.

NOTE 38 Proposed appropriation of profit/loss, Parent Company

Profit/loss at the disposal of the Annual General Meeting is as follows:

	31/12/2021
Share premium reserve	51,175,385
Retained earnings	193,862,115
Profit/loss for the year	-2,041
Total	**245,035,459**

The Board proposes that the profit/loss be distributed so that:

Proposed appropriation of profit/loss	
Dividend to shareholders	0
To be carried forward	245,035,459
Total	**245,035,459**

The Group's income statements and balance sheets will be submitted to the Annual General Meeting on 10/06/2022 for adoption.

The Board of Directors and the CEO hereby declare that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and give a true and fair view of the Group's financial position and performance. The annual accounts have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the financial position and performance of the Parent Company.

The directors' report for the Group and the Parent Company provides a true and fair view of the performance of the Group's and Parent Company's business operations, financial position and earnings and describes the material risks and uncertainties to which the Parent Company and the companies of the Group are exposed.

Terje Rogne
Chairman of the Board

Johan Livered
Board member,
Chief Executive Officer

Arash Raisse
Board member

Mattias Pettersson
Board member

Jonas Frick
Board member

Our audit report was submitted on 08/05/2022
Öhrlings PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Autocirc Group AB (publ), company reg. no. 559267-3478

Report on the annual accounts and consolidated accounts

Statement of opinion

We have audited the annual accounts and consolidated accounts of Autocirc Group AB (publ) for the year 2021. In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company at 31 December 2021 and of its financial performance and its cash flows for the year then ended, in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The directors' report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group's statement of comprehensive income and financial position.

Basis for opinion

We have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the 'Auditor's Responsibilities' section. We are independent of the Parent Company and Group, in accordance with rules of professional ethics for accountants in Sweden, and have, in other respects, fulfilled our ethical responsibility according to these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Other information in addition to the annual accounts and consolidated accounts

The other information consists of the 2021 Annual and Sustainability Report, which we obtained prior to the date of this audit report. The Board of Directors and CEO are responsible for such information.

Our opinion with regard to the annual accounts and consolidated accounts does not extend to this information, and we do not provide a statement of assurance concerning such other information.

In connection with our audit of the annual accounts and consolidated financial statements, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In performing our review, we also consider the other knowledge we have obtained during the audit and whether the information otherwise appears to contain material misstatements. If, based on the work carried out regarding this information, we conclude that the other information contains a material misstatement, we are required to report it. We have nothing to report in that regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and CEO are responsible for ensuring that the annual accounts and consolidated accounts are prepared and that they provide a true and fair view in accordance with the Annual Accounts Act and, as regards the consolidated accounts, in accordance with IFRS as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error. When preparing the annual accounts and consolidated accounts, the Board of Directors and CEO are responsible for analysing the company's and the Group's ability to continue operating. They disclose, where applicable, conditions that may affect the ability to continue as a going concern and to use the going-concern assumption. However, the going-concern assumption does not apply if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing any of these things.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to provide an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit performed in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement if one exists. Misstatements may occur due to fraud or mistakes and are considered material if, individually or in combination, they could reasonably be expected to influence the financial decisions of users taken on the basis of the annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of the audit report.

Auditor’s report, cont.

Report on other legal and regulatory requirements

Opinion
In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and the CEO of Autocirc Group AB (publ) for 2021 and the proposed appropriation of the company’s profit or loss. We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the directors’ report, and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinion
We conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility according to these standards is described in more detail in the ‘Auditor’s Responsibilities’ section. We are independent in relation to the Parent Company and Group, in accordance with rules of professional ethics for accountants in Sweden, and have in other respects fulfilled our ethical responsibility according to these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of the Board of Directors and the CEO
The Board of Directors is responsible for proposing the appropriation of the company’s profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justified in view of the requirements imposed by the nature, scope and risks of the company’s and Group’s activities on the size of the Parent Company’s and Group’s equity, consolidation requirements, liquidity and financial position in general.
The Board of Directors is responsible for the organisation of the company and the management of its affairs. This includes, among other things, continually assessing the financial situation of the company and the Group, and ensuring that the company’s organisation is such that the accounting, asset management and other financial affairs of the company are adequately controlled. The CEO carries out the day-to-day management in accordance with the guidelines and instructions of the Board of Directors and shall, among other things, take the measures necessary to ensure that the company’s accounts are kept in accordance with the law and that assets are managed satisfactorily.

Auditor’s responsibilities
Our objective in relation to the audit of the management, and hence our opinion on the discharge from liability, is to obtain audit evidence to provide a reasonable level of assurance as to whether any Board member or the CEO, in any material way, has:
• taken any action or been guilty of any negligence that may give rise to a liability for compensation to the company
• otherwise acted in breach of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective in auditing the proposed appropriation of the company’s profit or loss, and hence our opinion on this, is to obtain reasonable assurance about whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but no guarantee that an audit performed in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that may give rise to a liability for damages against the company, or that a proposed appropriation of the company’s profit or loss is not in accordance with the Companies Act.

A further description of our responsibility for the audit of management can be found on the website of the Swedish Inspectorate of Auditors: *www.revisorsinspektionen.se/revisornsansvar*. This description is part of the audit report.

Gothenburg, on the day indicated by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Ulrika Ramsvik
Authorised Public Accountant

Signerat med Svenskt BankID *2022-05-08 18:08:44 UTC*

Namn returnerat från Svenskt BankID: Sofia Ulrika Ramsvik Datum

Ulrika Ramsvik
Auktoriserad revisor

Leveranskanal: E-post

Appendix

About the report
This is the first annual report that Autocirc has published in this format, which includes a sustainability report. The report covers the legal entity Autocirc Group AB, company reg. no. 559567-3478.

The reporting cycle is annual and follows the calendar year. This report covers our performance for the 2021 financial and calendar year.

The sustainability report has not been externally audited. The report is available on the Autocirc website, www.autocirc.com.

For questions about this report, please contact Johan Rafstedt, CFO at johan.rafstedt@autocirc.com or Hanna Wadsten, CSO at hanna.wadsten@autocirc.com.