

An aerial photograph of a winding asphalt road with white dashed lane markings, snaking through a dense, lush green forest. The road has several sharp turns and curves. A few small vehicles are visible on the road. The text 'CTS Group' is overlaid in the center of the image.

CTS Group

Annual Report
2024

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The Board of Directors and the CEO of Circular Tire Services Europe Holding AB (publ), company registration number 559434-0290, submit the following Annual Report and consolidated financial statements for the 2024 financial year.

The Annual Report is prepared in Swedish kronor, SEK. Unless otherwise stated, all amounts are in millions of SEK (SEKm). Figures in brackets refer to the previous year.

Management Report

Information about the business

The parent company's business activities consist of being a coordinating function for the Group's business activities. Circular Tire Services Europe Holding AB, with registered office in Stockholm, is the parent company of several companies (CTS Group) operating in the tire industry (see note 29, List of Group subsidiaries). The Group's activities are mainly conducted in its subsidiaries.

CTS is a leading, brand-independent tire service platform, primarily focusing on commercial vehicles such as trucks, buses and heavy machinery. The company has a unique, comprehensive solution tailored to both large vehicle fleets and smaller customers, covering all aspects of customers' needs regarding tires. Our business model is customer-centric and based on circularity, and we offer tire services to customers in our markets in Sweden, Norway, Finland and Poland.

Our full-service offering covers every stage of the tire lifecycle. Via a strong logistics network, we supply our customers with both our own and third-party brands of tires. In return transports, we bring used tires and rims for processing in our retreading and rim refurbishment facilities. Our network of workshops in the Nordics and Poland offers tire changes, repairs and recycling. For large customers, we offer various tailor-made tire management solutions involving packaged services.

The customer base is characterised by a high level of loyalty with long-lasting relationships. The circular business model, with the retreading process allowing users to reuse their tires multiple times, is cost-effective and also helps our fleet owners reduce their environmental footprints.

Ownership structure

Circular Tire Services Europe Holding AB was formed in 2023 and is the parent company in a Group that consists of the wholly owned subsidiaries Circular Tire Services Europe AB and Lapin Kumi Oy with associated subsidiaries, see note 29, List of Group subsidiaries. In July 2023, the private equity firm Norvestor, via its subsidiary Circular Tire Services Europe Holding AB, acquired all the shares in Circular Tire Services Europe AB. As of 31 December 2024, the CTS Group is 69 percent owned by the Norvestor IX SCSp fund and the remaining shares are owned by other investors and by the company's management and employees.

The closest parent company, holding 100 percent of Circular Tire Services Europe Holding AB is Circular Tire Services Europe Midco AB, company reg. no. 559434-0308, with registered office in Stockholm.

Significant events during the financial year

During the year, the Group acquired 17 legal entities, of which 14 were in Sweden and 3 in Finland.

One of the most significant acquisitions was Lapin Kumi Oy, a leading independent tire service company in Finland. The merger has strengthened the Group's position in the Nordic region, and also created good opportunities to expand the range of services offered.

During the year, we established clear management and country organisations and appointed several key functions to enable realisation of our strategic plan.

As a further part of enabling our strategic plan, Circular Tire Services Europe Holding AB refinanced its bank debt in November 2024. The previous bank debt and shareholder loans were settled and the company issued SEK 1.3 billion of senior secured bonds. In conjunction with this, the company became public and will within 12 months apply for admission to trading of the new bonds on Nasdaq Stockholm's corporate bond list.

Furthermore, during the financial year, the parent company changed its name from Colmec Holding AB to Circular Tire Services Europe Holding AB.

ESG and sustainability

We have more than 50 years of experience in taking care of used tires. Retreading gives tires a new functional life by using less raw material (only 30 percent compared to new tires), with less environmental impact, compared to replacing old tires with new tires. Casings for TBR tires (trucks and buses) can be reused up to three times. Reusing our customers' worn tires is part of our DNA.

Within the group, we work to ensure the maximization of the tire's entire lifecycle, from the launch of the new tire on the market to extending its lifespan as much as possible until it can no longer be used on the road.

Marketing and sales

In 2024, the tire market in Europe moved sideways. The first half of the year was characterised by somewhat subdued demand and generally cautious purchasing behaviour. In the second half of the year, we saw some recovery in demand thanks to improved macroeconomic conditions, which had a generally positive impact on transport activity. Poland is an exception, having lost a high share of transport activity to both Ukraine and Russia as a result of the war in Ukraine. We strengthened the sales organisation and increased our market presence, which generated an expanded customer base and

MANAGEMENT REPORT

renewed contracts. The general increase in demand, together with our own strengthening initiatives to increase commercial performance, paid off and overall for the year we experienced good organic growth in our Nordic countries and resilience in Poland.

Development work and efficiency

The development work focuses on circularity. A materiality analysis is to be carried out to identify the most significant environmental, social and governance factors for the business. Based on the results of the analysis, clear targets and actions will be identified, to reduce the company's ESG footprint over time. CSRD preparation and certifications are integral elements of this, as is developing the value proposition, in which reuse, recycling, resource efficiency and long-term sustainability are key.

Profit for the year

Profit after financial items for the parent company Circular Tire Services Europe Holding AB was affected by external overheads for the Group's financing arrangements and by the Group's net interest income.

In addition to what has been mentioned above for the company Circular Tire Services Europe Holding AB, the profit after financial items for the Group was affected by stable commercial development and a high rate of acquisitions. The profit was negatively affected by costs for the start-up of several new activities as part of the Group's future expansion plans and by the depreciation of goodwill.

Expected future development and significant risks and uncertainties

The CTS Group's business model, high customer satisfaction and broad customer base will ensure stability regardless of whether tire market activity is strong or weak. Society's focus on sustainability will benefit the Group's ESG profile in both the short term and long term. To promote and accelerate the reuse of tires, CTS must take the lead in guiding customers, stakeholders and decision makers regarding the appropriateness of retreading tires locally in each market. The strategy will include acquisition of retreaded tire production facilities as well as other complementary actors that are appropriate for the business. Together, this will strengthen our offering and our ability to fulfil our goal of reducing the CO₂ emissions for our customers.

CTS operates in four markets: Sweden, Poland, Finland and Norway. The geographical distribution reduces the overall business risk of CTS.

CTS operates in a global market in which sales and purchases are made in different currencies. By matching sales and purchases in the same currency, exchange rate risks can be kept at an acceptable level.

Raw material prices (especially steel and rubber) and freight costs affect the Group's purchase prices. General cost inflation has increased significantly in recent years. CTS is always actively working on ways to compensate for cost increases caused by higher inflation in the supply chain.

CTS has a large customer base and a business model with limited credit risks, which limits the risk of payment default by customers. Processes are in place to monitor the financial situation and solvency of customers.

The strategy of growth through acquisition requires a close relationship between the company, our shareholders and our creditors. Overall KPIs related to financial position are managed in close dialogue between stakeholders.

Significant events after the end of the financial year

- On 28 January 2025, the subsidiary Circular Tire Services Europe AB acquired the company Moaxtek AB, company reg. no. 559151-8666.
- On 14 February 2025, the subsidiary Colmec Lastbilsdäck AB acquired the company Kå Ve Däck AB, company reg. no. 556554-0514.
- On 21 February 2025, the subsidiary Colmec Lastbilsdäck AB acquired the company Ringtjänst i Arlöv AB, company reg. no. 556772-2995.
- On 28 February 2025, the subsidiary Colmec Lastbilsdäck AB acquired the company Robbans Däck i Ronneby AB, company reg. no. 556742-9484.
- On 5 March 2025, the subsidiary Colmec Lastbilsdäck AB acquired the company Ringreparationer i Kinna, company reg. no. 556385-9775.
- In March 2025, the company issued additional bonds amounting to SEK 400 million under its existing bond loan 2024/2029. Following the issue, a total of SEK 1.7 billion is outstanding. The proceeds will be used for general corporate purposes, such as acquisitions and investments.
- On 23 April 2025, it was announced that CTS intends to acquire Däckia AB from Pirelli and at the same time, Pirelli and Däckia have signed a supply agreement through 2030.

Sustainability report

CTS's position as a leading independent full-service supplier of truck and bus tires in northern Europe means it encounters sustainability-related risks and opportunities. We understand the importance of reducing our carbon footprint, optimising the use of resources and promoting a circular economy in the tire industry. We strive to be transparent in our sustainability journey and, as we continue our journey towards being a more sustainable Group business, we endeavour to maintain the highest possible standards in our internal work as well as with our partners, customers and suppliers.

In 2023, several important steps were taken to increase understanding of the Group's sustainability-related impacts, risks and opportunities. Among other things, an analysis of the Group's climate emissions was carried out, as well as an external analysis of sustainability-related risks. In December 2023, the company's Board of Directors decided to implement a completely new policy package to further strengthen the work structure and conditions, with the aim of ensuring a responsible and sustainable approach in all parts of the Group, including the Group's entire value chain, from supplier to customer.

In 2024, implementation of the policy package started and the level of ambition was raised, with several other initiatives

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being launched, including focus areas such as increased reuse, recycling, resource efficiency and long-term sustainability.

Circular approach

A significant part of the Group's business involves the retreading of used tires. One of the Group's sustainability goals is to encourage customers to choose retreaded products over newly-manufactured products. Retreading involves reusing old tires in a way that uses fewer resources. Retreading a tire is resource-efficient and requires only 30 percent as much new raw material as for producing a brand new tire. The casing of a used tire can be reused up to three times to make a retreaded tire.

When retreading is no longer possible, CTS ensures that the casing is recycled in line with producer responsibility. We are members of the tire recycling associations in places where our business is located and proactively pay recycling fees when selling tires. The entire tire casing is recyclable and can be divided into three different parts, for rubber granules, steel and textiles, which are sent to specialised subcontractors for recycling. These different parts are then reused in other products such as blasting mats, work mats or granules for football pitches.

CTS's tire retreading operations are eligible for the EU Taxonomy and the economic activity "Repair, reconditioning and remanufacturing" (CE 5.1); this part represents about 15 percent of the Group's turnover. Parts of the Group's fleet concept, accounting for around 7 percent of turnover, are also eligible for the EU Taxonomy economic activity "Products as a service and other circular use and result-oriented service models" (CE 5.5). In 2025, we will carry out a materiality analysis, the results of which will be used to prioritise actions.

At the Group level, we have employed a Sustainability and Development Manager and will prepare for CSRD reporting. In Sweden, an EcoVadis assessment has been launched and is expected to be finalised in spring 2025.

Climate and energy

2023 is the baseline year for the CTS climate calculations. For 2024, newly acquired companies are not included, except Lapin Kumi with subsidiaries. Scope 1, Scope 2 and selected parts of Scope 3 have been calculated. The total emissions for the calculations are 41,897 tCO₂e. These emissions are distributed among the different scopes as follows;

- Scope 1, 2,980 tCO₂e related to emissions from Group vehicles.
- Scope 2, 5,083 tCO₂e related to purchased energy such as electricity and district heating. Scope 2 emissions have been kept down thanks to the purchase of renewable electricity in the Swedish parts of the Group.
- Scope 3, 33,834 tCO₂e relating to energy-related lifecycle emissions. The high figure is explained by the fact that it was possible to report significantly more categories within the scope and by there being more reporting companies.

In 2025, CTS intends to work on further developing the climate calculations and enabling more comprehensive reporting for the Group's value chain.

Development of the production process in order to reduce the Group's emissions is ongoing. Supported by energy

tracking, several energy-saving measures have been implemented to reduce energy usage in production. When purchasing new equipment, energy usage is also taken into account and, where appropriate, the most energy-efficient option is chosen. In addition to production, CTS works continuously to improve the environmental impact of the Group's truck transports to customers. Efforts to improve the environmental impact of transport include regularly upgrading the fleet to lower-emission vehicles, optimising delivery routes, and using return journeys to transport tire casings to avoid having empty vehicles.

Production at CTS's facility in Norrköping is subject to a notification requirement. As part of ensuring compliance with this, emissions from the production are continuously measured and are well below the requirements of the permit-issuing authorities.

Sustainability risks

CTS's most significant sustainability risks are currently linked to the climate impact in the Group's value chain. Climate risks in the tire sector are multifaceted and range from the manufacturing process to end use and waste management.

Part of managing these risks requires CTS to track and manage emissions across the value chain, which is a process that is currently ongoing. Industry innovation in the areas of low-emission technologies and circular models are also important for reducing the tire industry's climate footprint and ensuring its long-term sustainability. Here, CTS intends to further develop its role as a driver of the transition in the sector, and increase the Group's turnover from products and services with a circular nature (see the above section on economic activities eligible for the EU Taxonomy).

Personnel and social aspects

Other notable sustainability risks in the Group's operations are mainly linked to health and safety aspects in the Group's facilities in Sweden, Finland and Poland. These risks are systematically managed in each site's health and safety programme and all employees are trained in line with the needs of the work. Each department identifies what competences are available and what needs the department has regarding developing and being able to maintain a safe workplace. The systematic management of safety in the workplace has produced good results.

Human rights and anti-corruption

The Group's human rights risks are mainly found further down the value chain. In external analyses of CTS's sustainability work, the raw material chain for rubber production, which is linked to the company's purchased tires, was identified as an elevated risk factor. The external analysis also showed that it is in this part of the value chain that there may be an increased risk of non-conformities relating to the company's anti-corruption work.

No non-conformities relating to the above risks were identified or reported to the company during the year. The Group's governance for monitoring value chain risks is a continuous process based on policies, training and internal controls.

FINANCIAL STATEMENTS

Multi-year overview

Group SEKm	2024	2023
Net sales	1,587.6	667.6
Profit after financial items	-60.7	-30.4
Balance sheet total	2,431.1	1,222.4
Equity ratio, %	26	45
Parent company, SEKm	2024	2023
Profit after financial items	-40.3	-34.3
Balance sheet total	2,024.3	1,000.6
Equity ratio, %	35	58

Figures for 2023 cover only 8 months as CTSE Holding was established in 2023.

Changes in equity

Group SEKm	Share capital	Other contributed capital	Other equity incl. profit for the year	Total
Amount at start of year	0.0	605.8	-55.9	549.9
Shareholders' contributions received		164.0		164.0
Bonus issue	0.5		-0.5	-
Translation difference			4.4	4.4
Profit for the year			-77.4	-77.4
Amount at end of year	0.5	769.8	-129.4	640.9

Parent company, SEKm	Share capital	Profit brought forward	Profit for the year	Total
Amount at start of year	0.0	605.8	-30.3	575.5
<i>Appropriation as decided by the Annual General Meeting:</i>				
Profit carried forward		-30.3	30.3	-
Shareholders' contributions received		164.0		164.0
Bonus issue	0.5	-0.5		-
Profit for the year			-40.3	-40.3
Amount at end of year	0.5	739.0	-40.3	699.3

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Proposal for the appropriation of profits

The Board of Directors proposes that the available earnings (SEK):

Retained earnings	739,034,217
Loss for the year	-40,255,169
	698,779,048
To be carried forward	698,779,048
	698,779,048

The Group's and the parent company's results and financial position in general are shown in the following income statements, balance sheets and cash flow statements with notes.

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Consolidated income statement

SEKm	Note	01/01/2024 -31/12/2024	01/01/2023 -31/12/2023
Net sales	2	1,587.6	667.6
Other operating income		54.7	12.9
		1,642.3	680.5
Operating expenses			
Merchandise		-892.2	-435.4
Other external expenses	3, 4	-308.7	-74.2
Personnel costs	5	-315.8	-122.6
Depreciation, amortisation and impairment of property, plant and equipment and intangible assets		-103.0	-38.1
Other operating expenses		-8.8	-6.5
		-1,628.5	-676.8
Operating result		13.8	3.7
Profit from financial items			
Other interest income and similar items		20.9	2.4
Interest expense and similar items	6	-95.4	-36.5
		-74.5	-34.1
Profit after financial items		-60.7	-30.4
Profit before tax		-60.7	-30.4
Tax on profit for the year	7	-17.2	-11.4
Deferred tax	7	0.5	6.0
Profit for the year		-77.4	-35.8
Attributable to shareholders of the parent company		-77.4	-35.8

FINANCIAL STATEMENTS

Consolidated balance sheet

SEKm	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Capitalised expenditure on development and similar work	8	0.5	0.7
Goodwill	9	878.3	497.5
Development work of intangible assets in progress	10	8.3	2.5
		887.1	500.7
<i>Property, plant and equipment</i>			
Buildings and land	11	37.7	33.8
Machinery and other technical installations	12	30.0	29.4
Equipment, tools and installations	13	111.1	28.5
Improvement expenditure on other property	14	1.9	3.2
Construction in progress and advances for property, plant and equipment	15	1.2	-
		181.9	94.9
<i>Financial non-current assets</i>			
Other non-current securities holdings	16	3.9	1.9
Deferred tax assets	17	5.9	5.5
Other non-current receivables	18	6.2	0.8
		16.0	8.2
Total non-current assets		1,085.0	603.8
Current assets			
<i>Inventories etc.</i>			
Raw materials and supplies		65.0	40.9
Work in progress		2.0	1.3
Finished goods and merchandise		449.4	226.1
		516.4	268.3
<i>Current receivables</i>			
Trade receivables		289.2	185.1
Current tax assets		6.8	3.9
Other receivables		36.6	4.3
Prepaid expenses and accrued income	19	91.5	15.5
		424.1	208.8
<i>Cash and bank</i>	20	405.6	141.5
Total current assets		1,346.1	618.6
TOTAL ASSETS		2,431.1	1,222.4

FINANCIAL STATEMENTS

Cont'd. Consolidated balance sheet

SEKm	Note	31/12/2024	31/12/2023
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent company			
Share capital	21	0.5	0.0
Other contributed capital		769.8	605.8
Other equity including profit for the year	22	-129.4	-55.9
Equity attributable to shareholders of the parent company		640.9	549.9
Total equity		640.9	549.9
Provisions			
Deferred tax liabilities	17	15.3	1.3
		15.3	1.3
Non-current liabilities			
	23		
Bond loans		1,300.0	-
Liabilities to credit institutions		24.4	377.6
Liabilities to Group companies		-	12.5
Other liabilities		27.6	-
		1,352.0	390.1
Current liabilities			
Liabilities to credit institutions		27.4	50.9
Trade payables		238.0	138.3
Liabilities to Group companies		-	0.1
Current tax liabilities		0.0	10.9
Other liabilities		81.1	28.1
Accrued expenses and deferred income	24	76.4	52.8
		422.9	281.1
TOTAL EQUITY AND LIABILITIES		2,431.1	1,222.4

FINANCIAL STATEMENTS

Consolidated cash flow statement

SEKm	Note	01/01/2024 -31/12/2024	01/01/2023 -31/12/2023
Operating activities			
Profit after financial items	25	-60.7	-30.4
Adjustments for items not included in cash flow, etc.	26	117.7	29.5
Taxes paid		-11.2	-7.8
Cash flow from operating activities before changes in working capital		45.8	-8.7
Cash flow from changes in working capital			
Change in inventories and work in progress		23.2	75.4
Change in trade receivables		77.0	22.4
Change in current receivables		-94.8	-4.8
Change in trade payables		-134.9	-86.8
Change in current liabilities		23.4	-4.9
Cash flow from operating activities		-60.2	-7.3
Investment activities			
Investments in intangible assets		-6.0	-2.5
Investments in property, plant and equipment		-35.5	-11.7
Sale of property, plant and equipment		0.0	3.0
Investments in financial non-current assets		-669.2	-800.8
Cash flow from investing activities		-710.7	-812.0
Financing activities			
Shareholders' contributions received		164.0	605.8
Loans taken		1,306.9	421.3
Repayment of loans		-437.0	-66.2
Cash flow from financing activities		1,033.9	960.9
Cash flow for the year		263.0	141.5
Cash and cash equivalents at start of year		141.5	0
Exchange rate difference in cash and cash equivalents		1.1	0
Cash and cash equivalents at end of year		405.6	141.5

FINANCIAL STATEMENTS

Parent company income statement

SEKm	Note	01/01/2024 -31/12/2024	01/01/2023 -31/12/2023
Operating expenses			
Other external expenses		-1.6	-2.3
		-1.6	-2.3
Operating result		-1.6	-2.3
Profit from financial items			
Profit from shares in Group companies		25.0	-
Other interest income and similar items		15.3	3.9
Interest expense and similar items	6	-79.0	-35.8
		-38.7	-31.9
Profit after financial items		-40.3	-34.3
Profit before tax		-40.3	-34.3
Tax on profit for the year		-	4.0
Profit for the year		-40.3	-30.3

FINANCIAL STATEMENTS

Parent company balance sheet

SEKm	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
<i>Financial non-current assets</i>			
Holdings in Group companies	27, 28, 29	1,529.8	844.9
Receivables from Group companies	30	-	146.0
Deferred tax assets	17	4.0	4.0
		1,533.8	994.9
Total non-current assets		1,533.8	994.9
Current assets			
<i>Current receivables</i>			
Receivables from Group companies		158.9	3.8
Other receivables		3.4	-
Prepaid expenses and accrued income	19	11.2	-
		173.5	3.8
<i>Cash and bank</i>	20	317.0	1.9
Total current assets		490.5	5.7
TOTAL ASSETS		2,024.3	1,000.6
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	21	0.5	0.0
		0.0	0.0
<i>Unrestricted equity</i>			
Retained earnings	22	739.0	605.8
Profit for the year		-40.2	-30.3
		698.8	575.5
Total equity		699.3	575.5
Non-current liabilities			
Bond loans	23	1,300.0	-
Liabilities to credit institutions		-	361.0
Liabilities to Group companies		-	12.5
Total non-current liabilities		1,300.0	373.5
Current liabilities			
Liabilities to credit institutions		-	44.0
Trade payables		0.2	-
Liabilities to Group companies		14.9	0.1
Accrued expenses and deferred income	24	9.9	7.5
Total current liabilities		25.0	51.6
TOTAL EQUITY AND LIABILITIES		2,024.3	1,000.6

FINANCIAL STATEMENTS

Parent company cash flow statement

SEKm	Note	01/01/2024 -31/12/2024	01/01/2023 -31/12/2023
Operating activities			
Profit after financial items	25	-40.3	-34.3
Cash flow from operating activities before change in working capital		-40.3	-34.3
Cash flow from change in working capital			
Change in current receivables		-23.7	-3.7
Change in current liabilities		4.9	7.6
Cash flow from operating activities		-59.1	-30.4
Investment activities			
Investments in financial non-current assets		-684.9	-844.9
Change in receivables from Group companies		-	-146.0
Cash flow from investing activities		-684.9	-990.9
Financing activities			
Loans taken		1,300.0	417.5
Repayment of loans		-405.0	-
Shareholders' contributions received		164.0	605.8
Cash flow from financing activities		1,059.0	1,023.3
Cash flow for the year		315.0	2.0
Cash and cash equivalents at start of year			
Cash and cash equivalents at start of year		2.0	-
Cash and cash equivalents at end of year		317.0	2.0

NOTES

NOTE 1 | Accounting policies and valuation principles

General information

The Annual Report and consolidated financial statements have been prepared in accordance with the Annual Accounts Act and BFAR 2012:1 Annual Accounts and Consolidated Accounts (K3).

The accounting policies are unchanged from the previous year.

Revenue recognition

Revenue is recognized at the fair value of what has been received or will be received and is reported to the extent that it is probable that the economic benefits will accrue to the company and the revenue can be measured reliably.

Sales of goods, such as new tires, rims, and retreaded tires, are recognized as revenue when the significant risks and rewards associated with ownership have been transferred to the buyer, normally upon delivery.

Sales of services, such as agreements where the customer pays compensation based on actual use and wear of tires, are recognized as revenue progressively as the service is performed, based on the terms of the agreement.

Consolidated financial statements

Consolidation method

The consolidated financial statements have been prepared using the purchase method of accounting. This means that the identifiable assets and liabilities of acquired businesses are reported at market value according to the acquisition analysis that is created.

If the cost of the business exceeds the estimated market value of the expected net assets according to the acquisition analysis, the difference is recognised as goodwill.

Transactions between Group companies

Intra-group receivables and liabilities and transactions between Group companies as well as unrealised gains are eliminated in full. Unrealised losses are also eliminated unless the transaction represents an impairment loss.

Changes in intra-group profits during the financial year have been eliminated in the consolidated income statement.

Non-current assets

Intangible assets and property, plant and equipment are stated at cost less accumulated amortisation according to plan and any impairment losses.

Depreciation is calculated using the straight-line method over the expected useful life, taking into account any significant residual value. The following depreciation rates are applied:

Buildings	10-50 years
Improvement expenditure on property	20 years
Plant and machinery	3-10 years
Equipment, tools and installations	3-10 years
Computers and IT-equipment	3-5 years

Vehicles	3-7 years
Capitalised development expenditure	3-5 years
Goodwill	10 years

Component Division

Tangible fixed assets have been divided into components when the components are significant and have substantially different useful lives. When a component of a fixed asset is replaced, any remaining carrying amount of the old component is derecognized, and the acquisition cost of the new component is capitalized.

Expenditures for ongoing repairs and maintenance are recognized as expenses.

Inventory

Inventory is valued at the lower of acquisition cost and net realizable value according to the first-in, first-out (FIFO) principle. The acquisition cost includes expenses for purchases and other costs incurred to bring the inventory to its current location and condition. Net realizable value is the estimated selling price less estimated selling costs.

Income Tax

Reported income tax includes current tax and deferred tax. Current tax is based on the taxable profit for the year. Deferred tax is recognized using the balance sheet method on temporary differences between the carrying amounts and tax values of assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available to utilize the tax assets.

Employee Benefits

Employee benefits such as salaries, social security contributions, paid vacation, and similar items are recognized as expenses as they are earned. Obligations related to defined contribution pension plans are recognized as expenses in the income statement during the period in which they are earned. The Group only has defined contribution pension plans.

Cash Flow Statement

The cash flow statement is prepared using the indirect method. The reported cash flow is classified into operating activities, investing activities, and financing activities. Operating activities are adjusted for non-cash items, such as depreciation, as well as for changes in working capital.

Significant Estimates and Judgments

In the preparation of the Group's financial statements, management makes judgments and assumptions about the future that affect the reported values of assets and liabilities, as well as the recognition of revenues and expenses. Actual results may differ from these estimates.

Continued Note 1 – Accounting and Valuation Principles

The areas where estimates and judgments have the greatest impact on the Group's financial statements are as follows:

Uncertain Accounts Receivable

The Group continuously assesses the value of accounts receivable based on the ageing structure, historical losses, the customers' ability to pay, and current information about each customer. Impairments are recognized when it is assessed that it is likely that all or part of the receivable will not be recoverable.

Valuation of Inventory

Inventory is valued at the lower of acquisition cost and net realizable value. Judgments are made regarding obsolescence, demand, selling price, and inventory turnover rate. Uncertainties regarding future sales and price developments may impact the valuation.

Goodwill

Goodwill arises from business combinations and is tested annually for impairment or more frequently if there is an

indication of impairment. The assessment of recoverable value is based on future cash flows, growth assumptions, and discount rates. Changes in assumptions may significantly impact the value of goodwill.

Definitions of key figures***Net sales***

Main operating income, invoiced expenses, ancillary income and income adjustments.

Profit after financial items

Profit after financial income and expenses but before appropriations and taxes.

Balance sheet total

Total assets of the company.

Equity ratio, %

Adjusted equity (equity and untaxed reserves less deferred tax) as a percentage of total assets.

NOTE 2 | Breakdown of net sales**The Group**

Below is the Group's net sales broken down by country. The Group's principal activities are the production and sale of retreaded and new tires. Operations do not differ within the different markets.

	2024	2023
Net sales by geographical market, %		
Poland	32	48
Sweden	41	38
Finland	23	8
Norway	4	5
Other countries	0	1
	100	100

NOTES

NOTE 3 | Leases

The Group

Lease costs for the year relating to operating leases amount to SEK 41.9 million.

Future lease payments, for non-cancellable leases, are due for payment as follows:

SEKm	2024	2023
Within one year	48.2	34.1
Later than one but within five years	206.6	-
Later than five years	130.8	-
	385.6	34.1

NOTE 4 | Fees to auditors

The Group

Audit assignment refers to the audit of the Annual Report and accounts, as well as the administration of the Board of Directors and the CEO, other tasks that are incumbent on the company's auditor to perform, and advice or other assistance arising from observations made during this audit or the performance of such other tasks.

Doradca Auditors Sp. z o.o SEKm	2024	2023
Audit assignment	0.1	0.1
Tax advice	-	-
Other services	-	-
	0.1	0.1

BDO Oy SEKm	2024	2023
Audit assignment	0.2	0.1
	0.2	0.1

Öhrlings

PricewaterhouseCoopers AB SEKm	2024	2023
Audit assignment	1.0	0.4
Tax advice	0.1	0.0
Other services	0.0	-
	1.1	0.4

**PricewaterhouseCoopers
excl. Sweden SEKm**

	2024	2023
Audit assignment	0.3	0.0
Tax advice	0.2	-
Other services	0.0	-
	0.5	0.0

Other audit firms SEKm

	2024	2023
Audit assignment	0.0	-
	0.0	-

NOTES

NOTE 5 | Employees and personnel costs by country

Group	2024	2023
Average number of employees per country		
Sweden	282 (18)	170 (15)
Poland	193 (29)	208 (32)
Finland	243 (17)	15 (2)
Norway	4 (0)	4 (0)
	722 (64)	397 (49)

The average number of women is shown in brackets.

Group SEKm	2024	2023
Salaries and other remuneration		
Board of Directors and CEO	7.7	4.2
Other employees	224.0	86.1
	231.7	90.3
Social costs		
Pension costs for the Board of Directors and the CEO	1.5	0.2
Pension costs for other employees	32.0	4.1
Other social security contributions according to law and contract	52.7	23.6
	86.2	27.9
Gender distribution among senior executives		
Proportion of women on the Board, %	24	20
Proportion of men on the Board, %	76	80
Proportion of women among other senior executives, %	25	0
Proportion of men among other senior executives, %	75	100

NOTE 6 | Interest expense and similar items

Group SEKm	2024	2023
Interest and financial expenses	-95.3	-36.5
	-95.3	-36.5
Parent company, SEKm	2024	2023
Interest and financial expenses	-74.3	-35.8
Exchange rate losses	-4.7	0.0
	-79.0	-35.8

NOTES

NOTE 7 | Current and deferred tax

The Group

SEKm	2024		2023	
Tax on profit for the year				
Current tax		-17.2		-11.4
Change in deferred tax relating to temporary differences		0.5		6.0
Total tax reported		-16.7		-5.4
	2024		2023	
Reconciliation of effective tax	%	Amount	%	Amount
Reported profit before tax		-60.7		-30.4
Tax at the applicable rate	20.60	12.5	20.60	6.3
Non-deductible expenses		-0.2		-5.8
Non-deductible items, Group adjustments		-22.6		-5.6
Non-taxable income		8.1		0.0
Non-taxable items, Group adjustments		0.5		0.2
Adjustment for taxes for previous year		1.2		-
Loss carry-forwards whose tax value is not recognised as an asset		-16.2		-0.0
Effect of foreign tax rates		-0.0		-0.5
Reported effective tax	-28.34	-16.7	-17.75	-5.4

Parent company

SEKm	2024		2023	
Tax on profit for the year				
Current tax		-		0.0
Change in deferred tax relating to temporary differences		-		4.0
Total tax reported		-		4.0
	2024		2023	
Reconciliation of effective tax	%	Amount	%	Amount
Reported profit before tax		-40.5		-34.3
Tax at the applicable rate	20.60	8.3	20.60	7.1
Non-deductible expenses		-		-3.1
Loss carry-forwards whose tax value is not recognised as an asset		-8.3		-
Reported effective tax	-	-	11.65	4.0

NOTE 8 | Capitalised expenditure on development and similar work

Group SEKm	31/12/2024	31/12/2023
Opening cost	8.1	-
Purchases	0.1	0.0
Reclassifications and translation differences	0.1	-0.0
Through the acquisition of subsidiaries	5.0	8.1
Closing accumulated cost	13.3	8.1
Opening depreciation	-7.3	-
Reclassifications and translation differences	-0.1	0.0
Depreciation for the year	-1.3	-0.3
Through the acquisition of subsidiaries	-4.1	-7.1
Closing accumulated depreciation	-12.8	-7.4
Closing carrying amount	0.5	0.7

NOTES

NOTE 9 | Goodwill

Group SEKm	31/12/2024	31/12/2023
Opening cost	528.5	-
Purchases	445.5	517.3
Reclassifications and translation differences	5.3	-0.0
Through the acquisition of subsidiaries	-	11.2
Closing accumulated cost	979.3	528.5
Opening depreciation	-31.0	-
Reclassifications and translation differences	-	0.0
Amortisation for the year	-70.0	-26.7
Through the acquisition of subsidiaries	-	-4.3
Closing accumulated amortisation	-101.0	-31.0
Closing carrying amount	878.3	497.5

NOTE 10 | Development work of intangible assets in progress

Group SEKm	31/12/2024	31/12/2023
Opening cost	2.5	-
Expenditure for the year	5.8	2.5
Closing accumulated cost	8.3	2.5
Closing carrying amount	8.3	2.5

NOTE 11 | Buildings and land

Group SEKm	31/12/2024	31/12/2023
Opening cost	64.2	-
Reclassifications and translation differences	3.1	-1.7
Through the acquisition of subsidiaries	4.8	65.9
Closing accumulated cost	72.1	64.2
Opening depreciation	-30.5	0.0
Reclassifications and translation differences	-1.2	0.7
Depreciation for the year	-2.6	-1.2
Through the acquisition of subsidiaries	-0.1	-29.9
Closing accumulated depreciation	-34.4	-30.4
Closing carrying amount	37.7	33.8

NOTES

NOTE 12 | Machinery and other technical installations

Group SEKm	31/12/2024	31/12/2023
Opening cost Purchases	87.1	-
Purchases	4.0	2.5
Sales/disposals	-5.4	-2.2
Reclassifications and translation differences	3.1	2.9
Through the acquisition of subsidiaries	6.8	83.9
Closing accumulated cost	95.6	87.1
Opening depreciation	-57.7	-
Sales/disposals	5.2	1.4
Reclassifications and translation differences	-2.3	1.0
Depreciation for the year	-7.5	-5.2
Through the acquisition of subsidiaries	-3.3	-54.9
Closing accumulated depreciation	-65.6	-57.7
Closing carrying amount	30.0	29.4

NOTE 13 | Equipment, tools and installations

Group SEKm	31/12/2024	31/12/2023
Opening cost Purchases	76.7	-
Purchases	28.7	9.2
Sales/disposals	-4.6	-1.2
Reclassifications and translation differences	16.2	-0.8
Through the acquisition of subsidiaries	141.3	69.5
Closing accumulated cost	258.3	76.7
Opening depreciation	-48.3	-
Sales/disposals	3.3	1.2
Reclassifications and translation differences	4.3	0.3
Depreciation for the year	-21.1	-4.5
Through the acquisition of subsidiaries	-85.4	-45.2
Closing accumulated depreciation	-147.2	-48.2
Closing carrying amount	111.1	28.5

NOTES

NOTE 14 | Improvement expenditure on other property

Group SEKm	31/12/2024	31/12/2023
Opening cost	7.5	-
Purchases	0.5	-
Reclassifications	-7.0	-
Through the acquisition of subsidiaries	1.7	7.5
Closing accumulated cost	2.7	7.5
Opening depreciation	-4.3	-
Reclassifications	4.0	-
Depreciation for the year	-0.6	-0.2
Through the acquisition of subsidiaries	-	-4.0
Closing accumulated depreciation	-0.8	-4.3
Closing carrying amount	1.9	3.2

NOTE 15 | Construction in progress and advances for property, plant and equipment

Group SEKm	31/12/2024	31/12/2023
Opening cost	0.1	-
Expenditure	2.2	3.4
Reclassifications	-1.2	-4.3
Translation differences	0.0	0.1
Through the acquisition of subsidiaries	-	0.9
Closing accumulated cost	1.1	0.1
Closing carrying amount	1.1	0.1

NOTE 16 | Other non-current securities holdings

Group SEKm	31/12/2024	31/12/2023
Opening cost	1.9	-
Through the acquisition of subsidiaries	2.2	1.9
Closing accumulated cost	4.1	1.9
Closing carrying amount	4.1	1.9

NOTES

NOTE 17 | Deferred tax on temporary differences**The Group***Deferred tax on temporary differences*

SEKm

31/12/2024

	Deferred tax receivable	Deferred tax liability	Net
Temporary differences			
Tax loss carry-forwards	4.1	-	4.1
Taxable temporary differences provisions	1.7	-	1.7
Taxable temporary differences property	0.1	-7.2	-7.1
Taxable temporary differences from acquisitions	-	-8.2	-8.2
	5.9	-15.4	-9.5

SEKm

31/12/2023

	Deferred tax receivable	Deferred tax liability	Net
Temporary differences			
Tax loss carry-forwards	4.1	-	4.1
Taxable temporary differences provisions	1.4	-	1.4
Taxable temporary differences property	0.0	-1.3	-1.3
	5.5	-1.3	4.2

Change in deferred tax

	Amount at start of year	Reported in income statement	Recognised against equity	Amount at end of year
SEKm				
Tax loss carry-forwards	4.1	-0.0	-	4.1
Taxable temporary differences provisions	1.3	0.3	-	1.6
Taxable temporary differences property	-1.2	-5.8	-	-7.0
Taxable temporary differences from acquisitions	-	-	-8.2	-8.2
	4.2	-5.5	-8.2	-9.5

Parent company

SEKm

31/12/2024

	Deferred tax receivable	Deferred tax liability	Net
Temporary differences			
Tax loss carry-forwards	4.0	-	4.0
	4.0	-	4.0

31/12/2023

	Deferred tax receivable	Deferred tax liability	Net
Temporary differences			
Tax loss carry-forwards	4.0	-	4.0
	4.0	-	4.0

Change in deferred tax

	Amount at start of year	Reported in income statement	Amount at end of year
SEKm			
Tax loss carry-forwards	4.0	-	4.0
	4.0	-	4.0

NOTES

NOTE 18 | Other non-current receivables

Group SEKm	31/12/2024	31/12/2023
Opening cost	0.8	-
Outgoing receivables	-	-0.2
Through the acquisition of subsidiaries	5.4	1.0
Closing accumulated cost	6.2	0.8
Closing carrying amount	6.2	0.8

NOTE 19 | Prepaid expenses and accrued income

Group SEKm	31/12/2024	31/12/2023
Prepaid rental expenses	4.1	0.2
Prepaid lease payments	0.8	1.0
Accrued bonus income	43.1	8.9
Other items	43.5	5.4
	91.5	15.5

Parent company, SEKm	31/12/2024	31/12/2023
Other prepaid expenses	11.2	-
	11.2	-

NOTE 20 | Overdraft facilities

Group SEKm	31/12/2024	31/12/2023
The amount authorised for the overdraft facility is	71.9	45.0

NOTES

NOTE 21 | Number of shares and par value**Parent company**

The share capital of Circular Tire Services Europe Holding AB consists of 25,000 shares with a par value of SEK 20 each.

NOTE 22 | Appropriation of profit or loss**Parent company**

SEKm	31/12/2024
Proposal for the appropriation of profits	
The Board of Directors proposes that the following earnings be appropriated:	
retained earnings	739.6
loss for the year	-40.3
	698.7
to be carried forward	698.7
	698.7

NOTE 23 | Non-current liabilities

Group SEKm	31/12/2024	31/12/2023
Maturing later than five years after the balance sheet date		
Liabilities to credit institutions	-	303.9
	-	303.9
Parent company, SEKm	31/12/2024	31/12/2023
Maturing later than five years after the balance sheet date		
Liabilities to credit institutions	-	297.5
	-	297.5

NOTE 24 | Accrued expenses and deferred income

Group SEKm	31/12/2024	31/12/2023
Accrued interest	10.3	0.8
Accrued wages and salaries	46.8	25.6
Accrued social security contributions	9.2	7.5
Other accrued items	10.1	18.9
	76.4	52.8
Parent company, SEKm	31/12/2024	31/12/2023
Accrued interest	9.9	0.8
Other accrued expenses	-	6.7
	9.9	7.5

NOTES

NOTE 25 | Interest and dividends

Group SEKm	31/12/2024	31/12/2023
Interest received	9.1	2.4
Interest paid	-62.5	-36.5
	-53.4	-34.1
Parent company, SEKm	31/12/2024	31/12/2023
Interest received	15.3	3.9
Interest paid	-79.0	-35.8
	-63.7	-31.9

NOTE 26 | Adjustment for items not included in cash flow

Group SEKm	31/12/2024	31/12/2023
Depreciation and amortisation	103.0	38.1
Exchange rate differences	14.7	-6.5
Gain on sale of non-current assets	-	-2.1
	117.7	29.5

NOTE 27 | Holdings in Group companies

Parent company, SEKm	31/12/2024	31/12/2023
Opening cost	844.9	-
Acquisitions	234.3	838.8
Contributions made	450.6	6.1
Closing accumulated cost	1,529.8	844.9
Closing carrying amount	1,529.8	844.9

NOTES

NOTE 28 | Specification of holdings in Group companies**Parent company**

Name	Share of capital	Share of voting rights	Number of shares	Book value
Circular Tire Services Europe AB	100%	100%	1,000	1,295.5
Lapin Kumi Oy	100%	100%	1,000	234.3
				1,529.8

	Company. reg. no.	Registered office
Circular Tire Services Europe AB	556057-0458	Norrköping Sweden
Lapin Kumi Oy	1945691-3	Rovaniemi Finland

NOTE 29 | List of Group subsidiaries

Parent company	Company	Country	Corp. ID no.
Circular Tire Service Europe Holding AB	Lapin Kumi Oy	Finland	1945691-3
Lapin Kumi Oy	Kolarin Kumi Oy	Finland	2565985-6
Circular Tire Service Europe Holding AB	Circular Tire Service Europe AB	Sweden	556057-0458
Circular Tire Service Europe AB	Colmec AB	Sweden	556088-8017
Circular Tire Service Europe AB	B.E Produkter Sverige AB	Sweden	556664-0180
Circular Tire Service Europe AB	Colmec AS	Norway	917 281 971
Circular Tire Service Europe AB	Colmec Sp. Z o.o	Poland	5930100974
Circular Tire Service Europe AB	Colmec Polen Däckservice AB	Sweden	556440-3961
Colmec Polen Däckservice AB	Master Serwis Opon Sp. Z o.o.	Poland	5930003113
Circular Tire Service Europe AB	Colmec Oy	Finland	2547315-4
Colmec Oy	Kiinteistö Oy Juvan Teollisuuskatu 38	Finland	1617814-5
Colmec Oy	Bandaris Oy	Finland	0962874-2
Colmec Oy	Pentep Oy	Finland	0881775-2
Circular Tire Service Europe AB	Colmec Lastbilsdäck AB	Sweden	556857-7893
Colmec Lastbilsdäck AB	Strengbergs Däck AB	Sweden	556286-8900
Colmec Lastbilsdäck AB	Mili Däck & Service AB	Sweden	556521-3641
Colmec Lastbilsdäck AB	Däckcentrum i Flen AB	Sweden	556368-5626
Colmec Lastbilsdäck AB	Däckverkstaden Ljura Gummi AB	Sweden	556712-7708
Colmec Lastbilsdäck AB	G-sons Gummi AB	Sweden	556275-5701
Colmec Lastbilsdäck AB	Mora Däck & Fälg AB	Sweden	556342-3101
Colmec Lastbilsdäck AB	Däckcenter Borlänge AB	Sweden	556435-3703
Colmec Lastbilsdäck AB	Däck & Fälg i Lunda AB	Sweden	556857-7752
Colmec Lastbilsdäck AB	Däckcenter i Gävle AB	Sweden	556680-9116
Colmec Lastbilsdäck AB	Bomans Däck i Norrköping AB	Sweden	556705-5727
Colmec Lastbilsdäck AB	Däckmäster i Karlstad AB	Sweden	556629-3089
Colmec Lastbilsdäck AB	Centrala Gummi AB	Sweden	556733-7331
Colmec Lastbilsdäck AB	JJs Däck AB	Sweden	556762-9109
Colmec Lastbilsdäck AB	Ingers Däck AB	Sweden	556234-6378
Colmec Lastbilsdäck AB	Jocke Sjödings Däckshop AB	Sweden	556507-0140
Colmec Lastbilsdäck AB	Däckhuset i Norrland AB	Sweden	556753-8532
Colmec Lastbilsdäck AB	Nödinge Däckservice AB	Sweden	556709-3470
Colmec Lastbilsdäck AB	Gummicentralen i Säffle AB	Sweden	556269-1047
Colmec Lastbilsdäck AB	Nacka-Värmdö Däckdepå AB	Sweden	556477-9246
Colmec Lastbilsdäck AB	Solings Däck & Bilservice AB	Sweden	556762-8754
Colmec Lastbilsdäck AB	Däckson i Karlskoga AB	Sweden	556701-0490
Colmec Lastbilsdäck AB	Gummicentralen i Kristinehamn AB	Sweden	556169-5122

All subsidiaries are 100% owned.

NOTES

NOTE 30 | Receivables from Group companies

Parent company, SEKm	31/12/2024	31/12/2023
Opening cost	146.0	-
Additional receivables	148.9	158.5
Outgoing receivables	-176.7	-12.5
Reclassifications	118.2	-
Closing accumulated cost	-	146.0
Closing carrying amount	-	146.0

NOT 31 | Contingent liabilities

Group SEKm	31/12/2024	31/12/2023
Guarantees	-	18.8
	-	18.8

NOTE 32 | Pledged assets

Group SEKm	31/12/2024	31/12/2023
For the company's own account:		
Pledged shares	2,180.8	509.8
Property mortgages	-	945.0
Commercial mortgages	114.9	87.7
Assets subject to retention of title	27.0	26.2
	2,322.7	1,568.7

Parent company, SEKm	31/12/2024	31/12/2023
For the company's own account:		
Pledged shares	1,530.0	844.9
	1,530.0	844.9

NOTES

NOTE 33 | Information about the parent company**Parent Company**

CTSE Holding AB is a wholly owned subsidiary of Circular Tire Services Europe Midco AB, 559434-0308, with its registered office in Stockholm.

There are additional Group companies above CTSE Midco AB. The majority shareholder of the whole group is Norvestor IX SCSp. Due to the newness of the Group structure, no consolidated financial statements are prepared for the parent company of CTSE Holding.

NOTE 34 | Significant events after the end of the financial year**The Group**

On 23 April 2025, it was announced that CTS is to acquire Däckia AB from Pirelli and at the same time, Pirelli and Däckia have signed a supply agreement through 2030.

In March 2025, the company issued additional bonds amounting to SEK 400 million under its existing bond loan 2024/2029. Following the issuance, a total of SEK 1.7 billion is outstanding. The proceeds will be used for general corporate purposes, such as acquisitions and investments.

After the end of the financial year, Circular Tire Service Europe AB acquired all the shares in Moaxtek AB. The company is based in Norrköping but works in a mobile way throughout the country, performing wheel and axle adjustments on heavy vehicles.

After the end of the financial year, Colmec Lastbilsdäck AB acquired all the shares in the following companies:

- Kå Ve Däck AB, a tire service provider in northern Skåne with four tire workshops and a retreading facility.
- Robbans Däck AB, which is a tire workshop operating in Ronneby
- Ringtjänst i Arlöv AB, a tire workshop operating in Malmö
- Ringreparationer i Kinna AB, a tire workshop operating in Kinna

Signatures

The income statements and balance sheets will be submitted to the Annual General Meeting for adoption.

Stockholm, on the date indicated by our electronic signature

Ian Poppelman
Chairman

Tor Erling Gunnerød

Pär Landberg

Johan Lundgren

Linda Wikström

David Boman
Chief Executive Officer

Our audit report was submitted on the date indicated by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Kristian Lyngenberg
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Circular Tire Services Europe Holding AB (publ), corporate identity number 559434-0290

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Circular Tire Services Europe Holding AB (publ) for the year 2024 except for the statutory sustainability report on pages 3-4.

In our opinion, the annual accounts and 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 parent company and the group as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. Our opinions do not cover the statutory sustainability report on pages 3-4. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company and group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, cease operations or has no realistic alternative to doing any of this.

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Circular Tire Services Europe Holding AB (publ) for year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's opinion regarding the statutory sustainability report

It is the Board of Directors who is responsible for the statutory sustainability report for the year 2024 on pages 3-4 and that it is prepared in accordance with the Annual Accounts Act according to the prior wording that was in effect before 1 July 2024.



Our examination has been conducted in accordance with FAR's auditing standard RevR 12. The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Norrköping the date indicated by our electronic signature

Öhrlings PricewaterhouseCoopers AB

Kristian Lyngenberg
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.