

High acquisition pace in a cautious market

JANUARY – MARCH 2025

- Reported total revenue amounted to SEK 410.3 million (202.8), an increase of 102%.
- Reported adjusted EBITDA amounted to SEK -33.2 million (-2.9).
- LFL total revenue amounted to SEK 424.9 million (412.8), an increase of 3%.
- LFL adjusted EBITDA amounted to SEK -27.9 million (-28.9), an increase of SEK 1.0 million. The figures reflect the typical seasonality of our industry where the first quarter is usually negative as most earnings are generated in spring and mid-autumn.
- During the quarter, our position was further strengthened through five key acquisitions.
- During the quarter, additional bonds amounting to SEK 400 million were issued.
- After the end of the reporting period, we announced that CTS intends to acquire Däckia AB from Pirelli. At the same time, Pirelli and Däckia will enter into a supply agreement valid through 2030.

GROUP IN SUMMARY*

	Jan-Mar 2025	Jan-Mar 2024	Δ,%	R12	Jan-Dec 2024	Δ,%
Reported						
Total revenue, MSEK	410.3	202.8	102	1,849.8	1,642.3	13
EBITDA, MSEK	-34.1	-2.9	N/A	85.6	116.8	N/A
Adjusted EBITDA, MSEK	-33.2	-2.9	N/A	86.5	116.9	N/A
Adjusted EBITDA margin, %	-8.1	-1.4		4.7	7.1	
LFL**						
LFL total revenue, MSEK	424.9	412.8	3	2,564.7	2,551.8	1
LFL EBITDA, MSEK	-37.3	-30.0	-24	166.2	173.5	-4
LFL adjusted EBITDA, MSEK	-27.9	-28.9	3	212.7	211.7	-
LFL adjusted EBITDA margin, %	-6.6	-7.0		8.3	8.3	
Financial position						
Net debt, MSEK	1,073.1			1,073,1		
Net debt/LFL adjusted EBITDA	5.0			5.0		

* For definitions and alternative performance measures, see page 13

** LFL=Like-for-like, all acquired units are included as if they had been owned for the entire period

CEO COMMENTS

High acquisition pace in a cautious market

High acquisition pace and commercial tenacity describe the first quarter of 2025.

Stable commercial development

During Q1 2025, our market has been characterized by overall caution. We are seeing that global uncertainty is causing customers to defer costs and alter their purchasing patterns. We expect this to create a lagging effect, with an accumulation of worn-out tires, which might be beneficial later during the year.

In a cautious market environment, we have delivered solid performance across all our countries. The group is growing organically (3% LFL Q1 '25 vs. '24), and we are gaining or maintaining market share in all regions. We are also maintaining profitability (adjusted EBITDA margin of 8.3% R12 LFL) during a period of high acquisition momentum, ongoing investment in group infrastructure, and structural transformation.

Our operations in Finland continue to perform very strongly, driven by high commercial activity and a level of service appreciated by both existing and new customers. We are expanding our presence organically and gradually strengthening our geographical coverage. During the quarter, we opened a new workshop at the Port of Helsinki and reopened our workshop in Espoo.

The Swedish market remains soft, but our business demonstrates resilience. We are maintaining sales levels while undergoing an intense phase of integration following a high acquisition rate (15 companies in 2024, 5 in 2025). Lower activity in the mining industry has a dampening effect on our total sales. We have also invested in expanding the commercial organisation and new workshop facilities, increasing OPEX in Q1, but expected to contribute to continued growth in the coming quarters.

In Poland, we continue to face a challenging market. The economic climate is uncertain and demand is declining as a result of the war in Ukraine, which has disrupted trade flows between Europe, Russia, and Ukraine. In this environment, however, the company is gaining market share and continues to sharpen its commercial offering. We have recently employed a new export director with a focus on Central Europe and the Baltics.

Continued high acquisition rate

During the quarter, we acquired 5 companies, which together constitute 9 workshops, 1 retreading facility, and a specialist provider of mobile wheel alignment services. The workshops further expand our service network along Sweden's key transport corridors, and we welcome several skilled entrepreneurs to the group. With the retreading facility in Kristianstad, we broaden our product range of retreaded tires and strengthen our ability to extend the life of worn-out tires. Through the wheel alignment acquisition, we can now expand our on-site services for hauliers and logistics companies, offering a solution that reduces tire wear and fuel consumption.

Däckia – a strategically important transaction

After the quarter, we also announced our intention to acquire Däckia and enter a long-term commercial partnership with Pirelli. Däckia is an established Swedish tire chain with over 60 workshops and 39 independent partner workshops. Our commercial partnership means that Pirelli will become a long-term tire supplier to Däckia. The intended transaction is currently awaiting approval from the Swedish Competition Authority, and we hope to finalize the transaction during the summer of 2025.

Long-term financing for continued growth

As part of our long-term strategic financing work, CTS raised an additional SEK 400 million in bond financing during Q1. Similar to the bond issuance last autumn, the transaction was significantly oversubscribed.

Outlook – continued confidence in structural value

We move forward into 2025 with confidence, while remaining aware that market conditions remain uncertain. Our ambition is to maintain strong commercial momentum, continue integrating and developing acquired companies, and at the same time invest in people, infrastructure, and business development for the future.

We are proud of what we have achieved so far—and excited about what lies ahead.

David Boman
CEO

FINANCIAL OVERVIEW

The Group

January-March

Total revenue increased by 102% to SEK 410.3 million (202.8).

The increase is primarily attributable to acquisitions. LFL total

revenue increased by 3% to SEK 424.9 million (412.8).

Our initiatives to enhance commercial focus, particularly in Finland, more than offset the dampened demand from a cautious market.

Adjusted EBITDA decreased to SEK -33.2 million (-2.9).

The decrease is mainly due to acquisitions of businesses that typically experience low activity in the first quarter. LFL adjusted EBITDA amounted to SEK -27.9 million (-28.9). The increase in revenue was temporarily offset by investments in building a platform in terms of functions and capabilities to support our strategic journey.

For the first quarter of 2025, profit before tax amounted to SEK -96.5 million (-30.2). Net financial items amounted to SEK -24.6 million (-6.7), including interest expenses of SEK -27.6 million (-11.1). The increase in interest expenses is attributable to issued bonds to finance our acquisition strategy.

Cash flow and financial position

The cash flow for the first quarter amounted to SEK 330.0 million (-30.0). Seasonally low business activity negatively impacted on operating profit, while changes in working capital had a positive effect. During the quarter, inventory buildup occurred, which was offset by increased short-term liabilities and the payment of accounts receivable. Cash flow from investing activities amounted to SEK -174.4 million (-62.8), with the increase primarily attributable to acquisitions. Increased borrowing through an additional SEK 400 million in issued bonds contributed to positive cash flow from financing activities.

The Group's total assets amounted to SEK 2,935.7 million as of March 31, 2025 (1,276.0). The increased total assets are attributable to acquisitions.

The Group's net debt stood at SEK 1,073.1 million at the end of the year, corresponding to 5.0 times LFL adjusted EBITDA. The Group refinanced its debt in November 2024. The company issued secured senior bonds of SEK 1.3 billion and has in the first quarter of 2025, issued an additional SEK 400 million in bonds.

The excess amount at the end of the period, approximately SEK 670 million, is deposited to an escrow account, and disbursement will be subject on the compliance with incurrence test. The company will apply for the listing of the new bonds on Nasdaq's corporate bond list in Stockholm in accordance with the bond terms.

FINANCIAL OVERVIEW

The Markets

The Group's operations are monitored through the four markets we operate in: Sweden, Norway, Finland, and Poland. Group-wide functions and the associated costs are excluded from the operational follow-up per market as outlined below.

Sweden

In the first quarter of 2025, LFL total revenue decreased to SEK 213.9 million (227.4). Strengthened sales initiatives did not fully offset a hesitant market and continued weakness in the mining sector. LFL adjusted EBITDA declined to SEK -11.5 million (-2.2), primarily due to investments in both facilities and personnel to enable our continued growth journey.

Norway

In the first quarter of 2025, total LFL revenues increased to SEK 6.9 million (6.3), while adjusted EBITDA improved to SEK -0.1 million (-0.9). The improvement in results is a direct consequence of strengthened sales, which led to a higher gross profit.

Finland

In the first quarter of 2025, total LFL revenues increased to SEK 139.9 million, which reflects a strengthened market position. Growth was driven by high commercial activity and organic expansion through newly established workshops. LFL adjusted EBITDA amounted to SEK -13.0 million (-30.7), a clear improvement primarily driven by strong sales growth, resulting in a higher gross profit.

Poland

LFL total revenue for the first quarter of 2025 amounted to SEK 115.1 million (119.6). In the continued competitive market, we have managed to defend our market position. LFL adjusted EBITDA amounted to SEK 0.2 million (7.9), with the comparative quarter being unusually strong. However, we are also experiencing effects of a pressured gross profit due to the market situation, combined with lower coverage of fixed costs.

Key performance indicators	Jan-Mar 2025	Jan-Mar 2024	Δ,%	R12	Jan-Dec 2024	Δ,%
<i>Sweden</i>						
LFL total revenue, MSEK	213.9	227.4	-6	1,241.3	1,254.8	-1
LFL adjusted EBITDA, MSEK	-11.5	-2.2	-423	104.0	113.3	-8
LFL adjusted EBITDA margin, %	-5.4	-1.0		8.4	9.0	
<i>Norway</i>						
LFL total revenue, MSEK	6.9	6.3	10	62.7	62.1	1
LFL adjusted EBITDA, MSEK	-0.1	-0.9	89	2.0	1.2	67
LFL adjusted EBITDA margin, %	-1.4	-14.3		3.2	1.9	
<i>Finland</i>						
LFL total revenue, MSEK	139.9	109.0	28	596.0	565.1	5
LFL adjusted EBITDA, MSEK	-13.0	-30.7	58	61.3	43.6	41
LFL adjusted EBITDA margin, %	-9.3	-28.2		10.3	7.7	
<i>Poland</i>						
LFL total revenue, MSEK	115.1	119.6	-4	630.3	634.8	-1
LFL adjusted EBITDA, MSEK	0.2	7.9	-97	31.6	39.3	-19
LFL adjusted EBITDA margin, %	0.2	6.6		5.0	6.2	

* For 2023, the total revenue in the former Lapin Kumi group has been eliminated for intercompany sales.

FINANCIAL OVERVIEW

Other

Parent Company

Circular Tire Services Europe Holding AB (publ) is the parent company of the CTS Group. The immediate parent company is Circular Tire Services Europe MidCo AB, with registration number 559434-0308 and its registered office in Stockholm.

Seasonal Variations

The CTS Group operates within the tire industry, where there is generally higher demand leading up to the summer and winter seasons. The first quarter is typically characterized by low business activity.

Organization

The organizational shift to country-level responsibility, implemented during the autumn 2024, has now been firmly established. During the first quarter of 2025, we have further strengthened our commercial team to support local execution and drive continued growth in each market.

At the end of the period, the number of employees totaled 740, with 634 being full-time employees.

Events after the end of the reporting period

On April 23, 2025, CTS announced its intention to acquire Däckia AB from Pirelli, while simultaneously entering into a supply agreement with Pirelli and Däckia through to 2030. The transaction, which is subject to customary completion conditions and approval from relevant authorities, is expected to be finalized in July 2025.

Risks and Uncertainties

Information about the Group's risks can be found in the 2024 Annual Report, available at www.ctsinvestors.com.

Sustainability

Details about the Group's sustainability work can be found in the 2024 Annual Report, available at www.ctsinvestors.com.

FINANCIAL REPORTS

Consolidated statement of comprehensive income

Amounts in SEK million	Note	Jan-Mar 2025	Jan-Mar 2024	R12	Jan-Dec 2024
Net sales		396.4	192.2	1,791.8	1,587.6
Other operating income	4	13.9	10.6	58.0	54.7
Total revenue		410.3	202.8	1,849.8	1 642.3
Materials and services		-238.0	-90.4	-1,039.8	-892.2
Other external expenses		-96.8	-63.4	-342.1	-308.7
Personnel expenses		-108.1	-51.2	-372.7	-315.8
Depreciation and amortization		-37.8	-20.6	-120.2	-103.0
Other operating expenses		-1.5	-0.7	-9.6	-8.8
Operating profit		-71.9	-23.5	-34.6	13.8
Financial income and expenses		-24.6	-6.7	-92.4	-74.5
Result before tax		-96.5	-30.2	-127.0	-60.7
Tax expenses		-1.4	-0.1	-18.0	-16.7
Profit (loss) for the period		-97.9	-30.3	-145.0	-77.4

The period's result is entirely attributable to the parent company's shareholders.

FINANCIAL REPORTS

Consolidated statement of financial position

Amounts in SEK million	Note	31 Mar 2025	31 Mar 2024	31 Dec 2024
ASSETS				
Non-current assets				
Intangible and right-of-use non-current assets		1,004.7	538.8	887.1
Tangible assets		178.8	110.2	181.9
Financial non-current assets		10.7	7.2	16.0
Total non-current assets		1,194.2	656.2	1,085.0
Current assets				
Inventories		642.0	325.4	516.4
Trade receivables		240.7	160.8	289.2
Other current assets		123.6	20.9	134.9
Cash and cash equivalents		735.2	112.8	405.6
Total current assets		1,741.5	619.8	1,346.1
TOTAL ASSETS		2,935.7	1,276.0	2,431.1
EQUITY				
Equity attributable to owners of the parent		514.4	526.8	640.9
LIABILITIES				
Non-current liabilities				
Bond loans	3	1,713.7	-	1,300.0
Liabilities to credit institutions		72.1	464.1	24.4
Other non-current liabilities		36.7	-	27.6
Deferred tax liability		17.5	12.3	15.3
Total non-current liabilities		1,840.0	476.4	1,367.3
Current liabilities				
Liabilities to credit institutions		22.5	91.8	27.4
Trade payables		347.3	91.1	238.0
Other current liabilities		211.5	89.9	157.5
Total current liabilities		581.3	272.8	422.9
Total liabilities		2,421.3	749.2	1,790.2
TOTAL EQUITY AND LIABILITIES		2,935.7	1,276.0	2,431.1

FINANCIAL REPORTS

Condensed consolidated statement of changes in equity

Amounts in SEK million	Note	31 Mar 2025	31 Mar 2024	31 Dec 2024
Opening balance		640.9	549.9	549.9
Shareholder contribution		-	-	164.0
Profit (loss) for the period		-97.9	-30.3	-77.4
Translation differences of foreign operations		-28.6	7.2	4.4
Closing balance		514.4	526.8	640.9

Consolidated statement of cash flows

Amounts in SEK million	Note	Jan-Mar 2025	Jan-Mar 2024	R12	Jan-Dec 2024
Cash flow from operating activities before changes in working capital		-76.9	-5.2	-25.9	45.8
Cash flow from changes in working capital		122.7	-80.7	97.3	-106.1
Cash flow from operating activities		45.9	-85.9	71.4	-60.2
Cash flow from investing activities		-174.4	-62.8	-822.2	-710.7
Cash flow from financing activities		458.5	118.7	1,373.7	1,033.9
Cash flow for the period		330.0	-30.0	622.9	263.0
Cash and cash equivalents at beginning of period		405.6	141.5	112.8	141.5
Exchange differences in cash and cash equivalents		-0.4	1.3	-0.6	1.9
Cash and cash equivalents at close of period		735.2	112.8	735.2	405.6

FINANCIAL REPORTS

Condensed parent company income statement

Amounts in SEK million	Note	Jan-Mar 2025	Jan-Ma 2024	Jan-Dec 2024
Other external expenses		-7.9	-0.5	-1.6
Operating profit		-7.9	-0.5	-1.6
Financial income and expenses		-21.8	-7.1	-38.7
Profit (loss) before appropriations and tax		-29.7	-7.6	-40.3
Appropriations		-	-	-
Profit (loss) before tax		-29.7	-7.6	-40.3
Tax expenses		-	-	-
Profit (loss) for the period		-29.7	-7.6	-40.3

FINANCIAL REPORTS

Condensed parent company balance sheet

Amounts in SEK million	Note	31 Mar 2025	31 Mar 2024	31 Dec 2024
ASSETS				
Non-current assets				
Financial non-current assets		1,562.3	848.9	1,533.8
Total non-current assets		1,562.3	848.9	1,533.8
Current assets				
Other current assets		182.4	200.1	173.5
Cash and cash equivalents		676.2	1.9	317.0
Total current assets		858.7	202.0	490.5
TOTAL ASSETS		2,421.0	1,050.9	2,024.3

Amounts in SEK million	Note	31 Mar 2025	31 Mar 2024	31 dec 2024
EQUITY		644.5	567.9	699.3
LIABILITIES				
Non-current liabilities				
Bond loans	3	1,713.7	-	1,300.0
Liabilities to credit institutions		-	441.8	-
Total non-current liabilities		1,713.7	441.8	1,300.0
Current liabilities				
Liabilities to credit institutions		-	19.0	-
Other current liabilities		62.7	22.2	25.0
Total current liabilities		62.7	41.2	25.0
Total liabilities		1,776.5	483.0	1,325.0
TOTAL EQUITY AND LIABILITIES		2,421.0	1,050.9	2,024.3

FINANCIAL REPORTS

Notes

Note 1 Basic accounting principles

This interim report for the Group has been prepared in accordance with the Swedish Annual Accounts Act. The applied accounting and valuation principles comply with the K3 framework and remain unchanged compared to the 2024 Annual Report.

The company's accounting principles are described in the most recently published annual report (2024).

Amounts are stated in Swedish kronor. Amounts and figures in parentheses refer to comparative figures for the corresponding period of the previous year.

Note 2 Acquisitions

The acquisition pace has been high during the first quarter, with five in Sweden. These acquisitions complement CTS's existing market position both geographically and in terms of offerings.

The table below lists the acquisitions completed during the quarter. Purchase price allocations for companies acquired in the past twelve months are preliminary.

Acquisitions 2025	Country	Closing	Part%
Moaxtek AB	Sweden	January	100
KåVe Däck AB	Sweden	February	100
Ringtjänst i Arlöv AB	Sweden	February	100
Robbans Däck i Ronneby AB	Sweden	February	100
Ringreparationer i Kinna AB	Sweden	March	100

Note 3 Pledged securities

Following the conditions associated with the new financing, security arrangements have been established within the group companies. Below is an overview of the security agreements as of December 31, 2024.

Security agreements

Pledge Agreement over the shares in Circular Tire Services Europe Holding AB (publ)

Pledge Agreement over certain shareholder loans granted by Circular Tire Services Europe Midco AB to Circular Tire Services Europe Holding AB (publ)

Pledge Agreement over Material Intragroup Loans granted by Circular Tire Services Europe Holding AB (publ) to Circular Tire Services Europe AB

Pledge Agreement over the shares in: Circular Tire Services Europe AB; Colmec AB; Colmec Lastbilsdäck AB; Centrala Gummi AB; Däckverkstaden Ljura Gummi AB and Däckcenter i Gävle AB

Pledge Agreement over certain business mortgage certificates issued by certain group companies

Pledge Agreement over Material Intragroup Loans granted by certain group companies

Guarantee and Adherence Agreement entered into by Circular Tire Services Europe Holding AB (publ) and certain group companies

Note 4 Other operating income

Other operating income includes consideration for sales other than in the ordinary course of business, such as net gains on the sale of non-current assets, government grants received and exchange gains of an operating nature. Government grants are recognized at fair value when there is reasonable assurance that the grants will be received and the Group will comply with the conditions attached to the grants.

Note 5 Related-party transactions

There have not been any changes in the Group's or Parent Company's related-party relationships compared to those described in 2024 Annual Report. There were no material related-party transactions during the period.

Circular Tire Services Europe Holding AB (publ.) (reg.no 559434-0290)

Stockholm May 13, 2025

David Boman
CEO

This interim report has not been reviewed by the company's auditor.

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures

The performance measures in this report take into account the nature of the business and are considered to provide relevant information to shareholders and other stakeholders while ensuring comparability with other companies. The alternative performance measures should be seen as a complement to, but not a replacement

for, the financial information prepared in accordance with K3. The definitions aim to enhance the insight of CTS's operations and may therefore differ from how other companies calculate similar measures. The definitions of the alternative performance measures are presented below:

Definitions

Definition	Calculation
LFL total revenue, SEK million	Total revenue according to the income statement, including all acquired entities as if they had been owned for the entire period.
EBITDA, SEK million	Operating profit before depreciation, amortization and impairment of fixed assets.
LFL EBITDA, SEK million	Operating profit before depreciation, amortization and impairment, including all acquired entities as if they had been owned for the entire period.
Adjusted EBITDA, SEK million	EBITDA adjusted for significant items affecting comparability. These items are those not part of the regular business operations, such as costs related to preparations for a listing, refinancing and restructuring expenses.
LFL adjusted EBITDA, SEK million	LFL adjusted EBITDA, also adjusted for one-off items. One-off items refer to transactions not directly related to the group's normal operations, such as transaction costs, transformation costs and strategy-related costs.
Interest bearing assets, SEK million	Cash and cash equivalents.
Interest bearing liabilities, SEK million	Bond loans, current and non-current liabilities owed to credit institutions, current and non-current lease liabilities.
Net debt, SEK million	Interest-bearing liabilities less interest-bearing assets.
Net debt/ LFL adjusted EBITDA, times	The net debt at period-end in relation to the LFL adjusted EBITDA for the last 12 months.

Calculation of alternative key performance measures:

	Jan-Mar 2025	Jan-Mar 2024	R12	Jan-Dec 2024
EBITDA, SEK million:				
Operating profit (loss), SEK million	-71.9	-23.5	-34.6	13.8
Depreciations and amortizations, SEK million	37.8	20.6	120.2	103.0
EBITDA, SEK million	-34.1	-2.9	85.6	116.8
LFL EBITDA, SEK million:				
LFL Operating profit (loss), SEK million	-75.5	-55.6	33.8	53.7
LFL Depreciations and amortization, SEK million	38.2	25.6	132.4	119.8
LFL EBITDA, SEK million	-37.3	-30.0	166.2	173.5
Adjusted EBITDA, SEK million:				
EBITDA, SEK million	-34.1	-2.9	85.6	116.8
Items affecting comparability, SEK million	0.9	-	0.9	0.1
Adjusted EBITDA, SEK million	-33.2	-2.9	86.5	116.9
LFL adjusted EBITDA, SEK million:				
LFL EBITDA, SEK million	-37.3	-30.0	166.2	173.5
One-off items, SEK million	9.4	1.1	46.5	38.2
LFL adjusted EBITDA, SEK million	-27.9	-28.9	212.7	211.7
Net debt, SEK million:				
Interest bearing liabilities, SEK million	1,808.3	555.9	1,808.3	1,351.8
Interest bearing assets, SEK million	-735.2	-112.8	-735.2	-405.6
Net debt, SEK million	1,073.1	443.1	1,073.1	946.2
Net debt/ LFL adjusted EBITDA, times:				
Net debt, SEK million	1,073.1	443.1	1,073.1	946.2
LFL adjusted EBITDA, SEK million	-27.9	-28.9	212.7	211.7
Net debt/ LFL adjusted EBITDA, times	N/A	N/A	5.0	N/A

For further information, please contact:

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Forward-looking information

Some statements in this report are forward-looking and the actual outcome may be significantly different. In addition to the factors specifically highlighted, other factors may have a material impact on the actual outcome. Such factors include, but are not limited to, the general economic situation, changes in exchange rates and interest rates, political developments, the impact of competing products and their prices, disruptions in the supply of materials.

This information is such information that Circular Tire Services Europe Holding AB (publ.) is obliged to publish in accordance with the EU Market Abuse Regulation. The information was published by the above-mentioned contact persons on May 13, 2025, at 08:10 am (CET).

Financial calendar

Interim report January – June 2025 - August 13, 2025
Interim report January – September 2025 - November 13, 2025
Year-end report 2025 - February 19, 2026

About CTS Group

CTS is a leading, brand-independent platform for tire services, primarily focused on commercial vehicles serving trucks, buses, and

heavy equipment operators. We have more than 700 employees across Sweden, Finland, Norway, and Poland.

Our operations include 52 tire workshops and 5 retreading facilities.

More information about CTS Group is available
www.ctsinvestors.com.