

Swedish Electromagnet Invest AB (publ)

Corp. Id. No 559153-6510

Annual accounts and consolidated accounts
for the financial year
1st January 2022 – 31st December 2022



SEM in short

SEM was founded in 1915 and has since manufactured electromagnets for several different applications during industrial development. The Group is today a leading supplier of high-tech products and systems for powertrains for heavy vehicles, to actively contribute to the green transition in the transport industry. Products and systems include ignition systems, injector stators and sensors whose primary applications are biogas, natural gas and diesel trucks and buses. The Group also makes ignition systems for professional handheld tools such as chainsaws, trimmers and leaf blowers. Sales are made worldwide to customers include well-known OEM, tier1 and tier2 suppliers to the heavy vehicle industry.

Production of natural gas ignition systems, stators and sensors takes place mainly in the factory in Åmål, while ignition systems for handheld products and solenoids take place at the subsidiary, SEM Technology (Suzhou) Co., Ltd, in China. Both our factories maintain a high standard based on lean principles.

SEM Technology Inc. in the US has hired a Key Account Manager to further develop the US market. A branch in Germany has the same task on the European continent.

Our business model is based on long-term relationships with our customers. We win contracts during the development phase with our customer and then continue a long business relationship for 10-20 years with series deliveries and later spare parts.

Vision and core values - Green ignition with precision

The company vision is that SEM should be a recognized world-leading competence centre within the areas we choose to work with and thus be the obvious business partner for our customers.

Our Core values are:

Customer needs – this requires understanding of the customers environment, flexibility, and competence.

Respect for the individual – including being responsible to make everything properly and in time, professional and in good cooperation.

Resource efficiency – every waste should be avoided, to reach a positive impact on i.e., environment, customers and co-workers.

Ownership structure

Swedish Electromagnet Invest AB (publ) with registered office in Stockholm (the "Company"), is majority owned with 91,1% by Procuritas Capital Investors V, L.P. headquartered in Guernsey. The Company owns Swedish Electromagnet Holding Group (the "Group") in which SEM AB, headquartered in Åmål, Sweden, SEM Technology (Suzhou) Co., Ltd in China, SEM Technology Inc. in the US and Senfusion AB in Sweden are included. Senfusion AB is a dormant company that owns some patents.

CEO comment

A turbulent 2021 was followed by another turbulent year, with a troubled world shaken by both the pandemic's aftermath and Russia's invasion of Ukraine, sharp increases in the cost of raw materials, energy and transport that have hampered our growth. Despite the turmoil, the underlying market and demand for our customers' products have remained strong in North America and Europe.

During the year, we have continued to work according to our strategic plan to be an important player in the transition to reduced emissions of carbon dioxide in internal combustion engines, with a focus on ignition systems for gas engines that can be powered by hydrogen or other carbon-neutral fuel. In the ambition to further contribute to the green transition, the development work on optimizing batteries through a smart configuration for electric heavy vehicles in collaboration with large OEMs continues.

A large part of our sustainability plan is to offer products that contribute to the green transition for the transport industry, but the plan also includes points about how we should work with current and future staff, resource efficiency and harmful substances.

During the year, we strengthened and marketed ourselves and our brands, SEM and Flexispark, through an updated profile, active presence at industry conferences and social media. With this, significantly more opportunities have opened up for us to demonstrate our hydrogen ignition system solutions to new potential customers.

Our growth has had both positive and negative developments during the year. On the positive side, we end up working with our first contracted customer in what is, for us, a new segment; Stationary engines. The development together with Innio has been so successful that we were named Innovator of the Year at Innio's big supplier day in October. It is a special pride for us as our business concept is based on offering innovative solutions to customers' problems.

On the negative side of our imagined growth, the truck industry, and the share of gas-powered trucks, in China has been very weak. In 2021, we started supplying gas engine components to DCEC (DongFeng Cummins Engine Company) and BFCEC (Beijing Futon Cummins Engine Company). In 2022, their demand decreased due to the circumstances in China, which affected our sales development. Due to the very fluctuating market combined with extremely long lead times for certain components, we have increased our inventory. We are therefore well equipped to start delivering now that the market has picked up again.

Our operational metrics around delivery precision, quality and efficiency in production continue to be very good, both in Åmål and Suzhou.

When it all comes down to it, our sales of SEK 373 million (SEK 412 million) and EBITDA SEK 84 million (SEK 90 million) depend on all the committed and competent people who build up our fine company. Every day, good deeds are done for the company. To make it easier for our development engineers, we have opened a branch in Karlstad during the year where the engineers can work part of their time. During the year, we also launched the sales branch in Freiburg, Germany with a Key Account manager, and this provides great opportunities for a better presence in central Europe. During the year, we also spent some time fine-tuning our main processes, with a primary focus on improving the interfaces and handovers between the main processes. For example, some adjustments have been made in the quotation phase, start-up of development projects and transition to series production for work with better efficiency.

Our 4-year bond loan expired towards the end of the year, on December 10, and the work to find a better financing solution has continued during the year and a long-term solution has now been reached.

Christina Hallin
CEO

Significant events during the reporting period

SEM receives the INNIO innovation award with the justification: "The winner in the Innovation category has already made a difference. The supplier takes the control system for our engines to the next technical level. Their team has brought innovative ideas to the table, enabling the modernization of multiple engine platforms."

SEM has initiated a written procedure for extending the maturity of the bond during the accounting period and has received approval for the extension on December 1, 2022, with a maturity date of February 10, 2023.

Change in Swedish Electromagnet Invest AB (publ)'s Board of Directors. At the Annual General Meeting of Swedish Electromagnet Invest AB, Henri Peltomäki was elected as an ordinary board member and Björn Lindberg resigned.

Significant events after the end of the reporting period

After the end of the reporting period, the board and management continued the process to refinance the business. SEM has initiated two written procedures to extend the term of the bond after the end of the accounting period and has received approval for the extension.

The management and the board have now, as of April 26, reached an agreement with the bondholders on an extension of the bond loan until June 30, 2026. The agreement means that the bond terms are changed and, among

other things, a lower interest rate is introduced for ten quarters, while mandatory amortization of the loan must be carried out. The agreement means that sufficient funding for the continued operation is now available and that the company can continue according to the going concern principle.

Sustainability

We have refined our work on sustainability with better defined goals and more frequent follow-up of these for the year. Our goals are broken down on Attract and retain employees, Availability and unemployment, CO2&NOX emissions, Resource efficiency, Harmful substances, Biodiversity alongside Profitability. Under each heading there are activities to carry out. For example, we have strengthened collaborations with the universities in the region, Karlstad University, University West and Chalmers University of Technology. We have worked to reduce extraordinary transports of materials by air and initiated degree projects for Life Cycle Analysis around our products. We have also made sure not to have any lead-based components in new products and searched substitutes for epoxy.

Our main mission is to enable the market for heavy engines to become CO2 neutral as soon as possible, by developing technologies for, for example, hydrogen and battery operation, but also in the short-term increase fuel efficiency and increase the use of alternative, green fuels.

Our Code of Conduct has been updated and begins with the following declaration:

“SEM AB wants to be a competitive, fair, respectful, and trusted partner to our customers, our current and future colleagues, our suppliers, and our other stakeholders as well as being a good corporate citizen wherever we conduct business. Employees, officers, and directors, all our suppliers, distributors, agents, consultants, and others who temporarily perform work or services for SEM are expected to follow our Code of conduct and observe the highest standards of business and personal ethics, social and environmental performance.”

It states that the company supports the UN's Global Impact policy on human rights, labor, the environment and anti-corruption. We certify that we comply with laws and regulations and that there are directives regarding child labor, forced labor, freedom of association, discrimination & harassment, health & safety, resource efficiency, personal safety, preparedness & fire protection, chemical management, fair trade & bribery, responsible records, export / import control, counterfeit part & intellectual property, whistleblowing and business partners. All interested parties are expected to sign and comply with the Code of Conduct.

Expected future development and significant risks and uncertainties

The Company is a player in the global automotive industry, which implies exposure to the global political and financial development, and we follow the heavy-duty transport industry on a macro level.

Furthermore, the Company believes that currency exposure is a potential risk. We also see general price increases mainly due to the shortage of components and raw materials. We are actively working with our supply chain to reduce any negative impact caused by global macroeconomic factors.

Not being able to deliver or not getting paid from customers for our products can be an additional risk that can arise in the turbulent macro environment. We have a very close contact with customers through our marketing and sales organization and strictly follow our procedures with reminders and further contacts if payments are delayed.

The SEM Invest Group does not provide financial forecasts due to the nature of its business.

Development

The Group performs extensive development within its operations, both in internal development projects and projects together with customers, as well as active participants or leaders in research programmes driven by universities or other institutes. The Company currently owns 56 patents and two design rights. The group also have 21 patents pending.

Use of financial instruments

The Group's financial assets mainly comprise trade receivables, other receivables, accrued income and cash and cash equivalents.

The Group's financial liabilities mainly comprise of bond loan, other current receivables, trade payables, other liabilities, and accrued expenses.

Environmental impact (operations subject to licensing and notification in accordance with the Swedish Environmental Code)

In the Group, SEM AB performs operations subject to licensing and has all licenses in accordance with the Swedish Environmental Code and from licensing authorities. SEM AB is ISO 14001 and ISO 45001 certified.

Proposed allocation of profit or loss

The Board of Directors proposes to the Annual General Meeting the 26th of May 2022 that the retained earnings be allocated so that KSEK 359 046 be carried forward.

Company governance report 2022

The revised version of the Swedish Corporate Governance Code, hereinafter referred to as "the Code", which entered into force on 1 January 2020 (the "Code") covers, as of that date, among other things, all companies that have debt securities admitted to trading on a regulated market.

The Code's rules are a complement, mainly to the regulations of the Swedish Companies Act, regarding the company's organization and the relatively extensive self-regulation that exists regarding corporate governance. The code follows the principle of "follow or explain". According to this principle, a company may deviate from individual rules but must then explain the reason for each deviation. According to the revised Code, companies that have chosen to deviate from a rule must also disclose which solution has been chosen as an alternative to the rule recommended in the Code. This corporate governance report has been prepared in accordance with the rules set out in Chapter 10 of the Code.

Annual General meeting

The Annual General Meeting, which is the company's highest decision-making body, gives shareholders the opportunity to exercise their influence by voting on significant issues. The Annual General Meeting of Swedish Electromagnet Invest AB (publ) is held annually and is open to all shareholders. In connection with the Annual General Meeting, shareholders are given the opportunity to ask questions to the Board of Directors and the CEO. The company also answers questions from shareholders as they arise during the year to the extent possible. In 2022, Swedish Electromagnet Invest AB (publ) held its Annual General Meeting on May 18.

Annual General Meeting 2022

At the Annual General Meeting 2022, it was resolved, among other things:

- (a) adopt the presented profit and loss account and balance sheet for 2021.
- (b) dispose of the company's earnings in accordance with what is stated in the annual report, i.e. the profits are disposed of so that in a new account KSEK 345,675
- (c) the Board of Directors would be discharged from liability for the financial year 2021.

The AGM, it was further decided that the number of elected board members shall be five full members. The meeting resolved to elect Christina Hallin, Halvar Jonzon, Hasse Johansson, Hans Wikse and Henri Peltomäki as ordinary board members. Furthermore, it was decided that remuneration to members shall be paid at a total of SEK 700,000, whereof SEK 500,000 to the chairman of the board and SEK 200,000 per member except to Christina Hallin, Björn Lindberg and Hans Wikse who are employed in related companies.

Company board

Board members

According to the Articles of Association, the Board of Directors shall have not less than 3 and not more than 10 board members and not less than 0 and not more than 10 deputies elected by the Annual General Meeting.

The Board of directors in Swedish Electromagnet Invest AB (publ) has five ordinary members: Christina Hallin, Halvar Jonzon, Hasse Johansson, Hans Wikse and Björn Lindberg until he resigned at the AGM May 18. Henri Peltomäki was a deputy director until the AGM and was elected as an ordinary director at the AGM replacing Björn Lindberg. No deputy director was appointed.

Chief executive officer

The company's CEO is Christina Hallin, born 1960. Christina Hallin has previously held senior positions within AB Volvo and is a member of SEM Board since 2016. Christina Hallin is a board member in Alimak, SensysGatso, Bulten and Norbit.

Responsibilities of the Board of Directors

The Board of Directors is responsible for, among other things, the company's organization, and management in accordance with the Swedish Companies Act. The Board of Directors shall continuously assess the company's financial situation, which means, among other things, that the Board of Directors shall specify the strategic direction and decide on issues regarding the company's capital supply and management. The Board of Directors appoints the CEO and also decides on salary and other remuneration to the CEO. The Board meets at least four times a year. The company's auditors attend one board meeting per year.

Rules of Procedure of the Board of Directors

The Board's activities and the division of responsibilities between the Board of Directors and management are governed by the Board's Rules of Procedure. The Rules of Procedure are adopted by the Board of Directors each year after the Annual General Meeting. The updated and current Rules of Procedure were adopted by the Board of Directors of Swedish Electromagnetic Invest at Board meeting on 16 June 2021. According to the Board's Rules of Procedure, the Board of Directors decides, among other things, on the company's overall strategy and investments. The Rules include a CEO instruction and an instruction for financial reporting. The Board's Rules of Procedure are documented in writing stating, among other things:

- The Board of Directors shall have at least four ordinary meetings plus one constituting meeting;
- All members of the Board of Directors shall be invited to the meetings and have access to documentation approximately one week before each meeting;
- The Board of Directors shall normally follow the rules set out in the Rules of Procedure;
- The CEO shall submit a monthly report, on behalf of the company;
- Internal reporting shall be appropriately ensured by the Board of Directors.
- The CEO is responsible for preparing and presenting an economic and financial report before each Board meeting;
- The Board of Directors, once a year, without the presence of the CEO or other senior executives, should meet with the company's auditors;
- The Board of Directors has decided to install an audit and remuneration committee to deal with matters relating to the audit in the company, the relationship with the auditors and preparation and resolutions on matters relating to remuneration to senior executives;
- A board member may not deal with or decide on a matter where he or she is in conflict of interest.

Work of the Board in 2022

In 2022, the Board held 14 meetings, one of which was a constituent and five extraordinary. In addition, the Board of Directors has held informal monthly follow-up meetings with management. Furthermore, senior executives have presented parts of the companies' operations to the Board of Directors. This has contributed to the board members gaining a deeper knowledge of the activities within the group. The Board of Directors has also received financial reports on the company's financial position. In this context, the Board of Directors has also discussed the Code and the accounting standard that the company follows. Furthermore, during the year, the Board of Directors carried out an evaluation of its work under the direction of the Chairman. The evaluation ensures that the Board complies with the Code's fundamental intention.

Board members attendance in Board meetings 2022	Meetings
Total number of meetings	14
Christina Hallin	14/14
Halvar Jonzon	14/14
Hasse Johansson	14/14
Hans Wikse	14/14
Björn Lindberg – ordinary	4/4
Henri Peltomäki – deputy/ordinary	14/14

Independence of the Members of the Board of Directors

Namn	Independence of major owner	Independence of Company and management
Christina Hallin	Yes	No
Halvar Jonzon (chair)	Yes	Yes
Hasse Johansson	Yes	Yes
Hans Wikse	No	Yes
Björn Lindberg	No	Yes
Henri Peltomäki (deputy)	No	Yes

Financial reporting

The Board of Directors ensures the quality of the financial reporting through a review of all financial reports presented by management. The financial reporting that includes valuation issues as well as assessments and guidelines for accounting is continuously treated by the Board of Directors. The Board of Directors ensures that review and follow-up of legal matters and disputes takes place regularly. The company's auditors report annually to the Board of Directors stating that they have reviewed the company and their results of the audit. The audit report is presented orally by the auditors at the Board meeting that deals with the annual report. At this meeting, the members of the Board of Directors are given the opportunity to ask the auditors questions. The auditors' report describes, among other things, whether the company is organized in a way that makes it possible to securely monitor the accounting, management of assets and control of the company's financial conditions.

Audit and remuneration issues

The Board of Directors has decided to install an audit and remuneration committee to deal with matters relating to the audit in the company, the relationship with the auditors and preparation and resolutions on matters relating to remuneration to senior executives. In the constitutional meeting it was resolved to appoint Halvar Jonzon and Hans Wikse as members of the board of directors' audit and remuneration committee. CEO, Christina Hallin, and CFO, Cecilia Ax will represent the company in this committee.

Guidelines for remuneration to Chief Executive officer

Remuneration to the CEO means that a market-based and competitive remuneration shall be paid in the form of salary, other benefits, and pension. The notice period shall normally be six months from both sides. Severance pay in addition to salary during the notice period is not paid.

The proposal to the Annual General Meeting is that the 2023 remuneration levels for board members who are not employed within Procuritas are set at SEK 200(500) thousand for the chairman and SEK 200(200) thousand for the others, except for the CEO who does not receive any board fee during his employment in the Group. The fees are paid proportionally in relation to the length of the term of office.

Auditor

At the Annual General Meeting on May 18, 2022, Öhrlings PricewaterhouseCoopers AB was re-elected as auditors until next AGM. The auditor in charge since the 2018 Annual General Meeting is authorized public auditor Martin Johansson. The auditors' work shall be carried out following an audit plan, which shall be established together with the Board of Directors. The auditors shall present their conclusions from the audit of the company at the board meeting that deals with the annual report. In addition, the auditors shall annually inform the Board of Directors of the services performed in addition to the audit, fees for such services and other circumstances that may affect the assessment of the auditors' independence. The auditors shall also attend the Annual General Meeting if necessary and present their work, findings, and conclusions. The Board of Directors normally meets with the company's auditors without the presence of the CEO or any other person from the company management at least once a year. The audit is carried out in accordance with International Standards on Auditing (ISA) and Swedish good audit

practice. In addition to his position as auditor in charge of Swedish Electromagnet Invest AB (publ), Martin Johansson has also been auditor in charge of companies such as Södra, Preem, Karnov, and Toyota Industries during 2022.

Communication policy

Swedish Electromagnet Invest AB (publ) adopted its communication policy at the Board meeting on February 12, 2019. The communication policy is based on the company's need to communicate both internally and externally and specifically to ensure the regulatory framework when communicating with the Frankfurt Stock Exchange and Nasdaq Stockholm stock exchange. The company has a listed bond, ISIN SE0011167600, and is therefore covered by Regulation (596/2014/EU) of the European Parliament and of the Council on market abuse ("MAR").

Insider policy

Swedish Electromagnet Invest AB (publ) adopted its insider policy at the Board meeting on February 12, 2019. The insider policy is based on the company's need to ensure the regulatory framework for securities trading with the Frankfurt Stock Exchange and Nasdaq Stockholm stock exchange. The company has a bond listed on the Frankfurt Stock Exchange and Nasdaq Stockholm ISIN SE0011167600 and is therefore covered by Regulation (596/2014/EU) of the European Parliament and of the Council on market abuse ("MAR"), the Law (2016:1307) on penalties for market abuse in the securities market ("MML") and the Law (2016:1306) with additional provisions to the EU Market Abuse Regulation ("Kompl").

Sustainable development

Swedish Electromagnet Invest AB (publ) believes that successful long-term industrial development is closely linked to being a good social actor. Above all, this means that the company will work to take economic, social, ethical and environmental responsibility and contribute to a lasting positive and acceptable financial and social development over time.

Internal control

According to the Code, the Board of Directors shall provide a description of the most important elements of the company's internal control and risk management system regarding financial reporting. For Swedish Electromagnet Invest AB (publ), whose primary business is to acquire and manage securities in the form of shares, financial reporting focuses on ensuring an efficient and reliable process around financial transactions as well as the operation and management of the various holdings.

Internal control refers to the control relating to financial reporting. This is a process involving the Board of Directors, company management and staff. The process is designed to ensure the quality of external reporting. Internal control is usually described according to an established framework with five main areas. These are control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

In the field of control environment, a number of elements are included that together create the culture that shapes how Swedish Electromagnet Invest AB (publ) works and operates. Swedish Electromagnet Invest AB (publ) is ultimately governed by a strong set of core values: customer needs, respect for the individual and resource efficiency. These values characterize Swedish Electromagnet Invest AB (publ) and are guaranteed by employees having high competence and integrity. In addition, as mentioned earlier, the Board of Directors has drawn up Rules of Procedure. It shows responsibilities, mandates, authorities and how they are followed up.

Risk assessment

Swedish Electromagnet Invest AB (publ) continuously works and evaluates the risks around reporting. Among other things, there is a continuous discussion in the board and management about the risks that arise as tax laws and accounting standards change. These require new procedures and processes that take shape through the joint work of the Board of Directors and management. In 2018 and 2019, the company's risks were properly monitored with the listing of the company's debt securities on the Frankfurt and Stockholm stock exchanges. The risk assessment is updated annually by management and the Board of Directors.

Control activities

The risks mentioned in the previous paragraph result in a range of activities aimed at preventing, detecting, eliminating and/or reducing deviations. Activities include, for example, follow-up of decisions, comparisons between reports, analysis, and follow-up of the subsidiaries' financial reporting. The Board's Rules of Procedure are part of the control activity.

Information and communication

To ensure effective and accurate information, internally as well as externally, good communication is required. Swedish Electromagnet Invest AB (publ) communicates through the Board of Directors, management, and employees. The development activities are continuously communicated within the group of companies.

Follow-up

Before each Board meeting, the Board receives information about Swedish Electromagnet Invest AB (publ)'s group's financial situation. Each board meeting deals with the situation, risks, threats, and opportunities of companies. Against this background, and with reference to the financial reporting in general, the Board sees no need for a special audit function in the form of internal audit.

Follow up of internal control by the Board of Directors

The Board of Directors receives ongoing information about material changes in the internal control structure. It is thus well updated in the overall framework. On this basis, the Board evaluates the quality of internal control and takes any measures as needed.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in KSEK	Note	1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Net sales	6	373 389	411 965
Cost of goods sold	8, 10	-239 183	-281 276
Gross profit		134 206	130 689
Selling expenses	8, 10	-20 086	-18 144
Administrative expenses	8, 10	-37 063	-25 414
Research and development costs	2.8(ii), 8, 10	-36 018	-37 488
Other operating income		5 739	4 097
Other operating costs		-	-
Operating profit (loss)		46 778	53 742
Financial income	11	1 307	43
Financial expenses	11	-31 654	-29 121
Interest expenses from lease liabilities	11	-1 409	-1 753
Net financial items		-31 756	-30 831
Profit (loss) after financial items		15 022	22 912
Profit (loss) before tax		15 022	22 912
Income tax	12	-5 953	-6 006
Net result for the year		9 068	16 906

Earnings per share before dilution is SEK 4.50 (8.45) per share.

Profit per share after dilution is SEK 4.50 (8.45) per share.

Other comprehensive income:	Note	1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Items that may be reclassified to profit or loss			
Exchange differences from translation of foreign operations		4 280	6 445
Items that will not be reclassified to profit or loss			
Revaluation of the net pension obligation	2.18(ii)	792	474
Income tax attributable to the above item		-163	-98
Other comprehensive income for the year, after tax		4 909	6 821
Total comprehensive income for the year		13 977	23 727

Profit (loss) for the year and total comprehensive income are, in their entirety, attributable to shareholders of the Parent Company.

The notes on pages 16 to 42 constitute an integrated part of these consolidated statements.

CONSOLIDATED BALANCE SHEET

Amounts in KSEK	Note	31 st Dec 2022	31 st Dec 2021
ASSETS			
Non-current assets			
<i>Intangible assets</i>	14		
Customers relationships	2.8	134 641	143 085
Trade name	2.8	143 633	143 633
Goodwill	2.8	257 024	257 024
Capitalized expenditure for development activities		2 995	-
Advanced for development activities		35 782	27 746
Total intangible assets		574 075	571 488
<i>Tangible assets</i>	15		
Plant and machinery		31 257	28 821
Right-of-use assets		37 238	50 364
Equipment, tools, fixtures and fittings		7 393	13 331
Total intangible assets		75 888	92 516
Financial assets		16	-
Total financial assets		16	-
Total non-current assets		649 979	664 004
Current assets			
<i>Inventories</i>	18		
Raw materials and consumables		61 443	47 113
Work-in-progress		1 582	937
Finished goods and goods for resale		32 960	21 309
Total inventories		95 985	69 360
<i>Current receivables</i>			
Trade receivables	17	73 495	77 765
Current tax asset	2.7	999	2 360
Other receivables	19	2 799	4 386
Prepaid expenses and accrued income	20	4 548	12 044
Cash and cash equivalents	21	49 151	49 413
Total current receivables		130 992	145 968
Total current assets		226 977	215 328
TOTAL ASSETS		876 956	879 332

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CONSOLIDATED BALANCE SHEET

Amounts in KSEK	Note	31 st Dec 2022	31 st Dec 2021
EQUITY			
Equity attributable to Parent Company's shareholders			
Share capital	22	500	500
Other contributed capital	22	325 000	325 000
Reserves	22	8 805	3 896
Retained earnings (incl. profit/(loss) for the period)	22	23 866	14 798
Total equity attributable to the shareholders of the Parent company		358 170	344 193
LIABILITIES			
Non-current liabilities			
Bond loan	23	-	-
Lease liabilities	24, 2.6	25 128	36 995
Provisions for pensions and similar obligations	25	3 137	4 203
Deferred tax liabilities	27	58 605	61 584
Other provisions	26	950	950
Total non-current liabilities		87 820	103 732
Current liabilities			
Bond loan	23	336 250	334 236
Credit facility	23, 28	11 416	11 853
Lease liabilities	24, 2.6	13 513	14 775
Trade payables	2.19	29 699	41 591
Advance from customer		657	-
Other current liabilities	29	16 792	7 021
Invoiced income - not yet accrued	30	2 420	2 336
Accrued costs and prepaid income	31	20 219	19 595
Total current liabilities		430 966	431 407
Total liabilities		518 785	535 139
TOTAL EQUITY AND LIABILITIES		876 956	879 332

The notes on pages 16 to 42 constitute an integrated part of these consolidated statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK		Attributable to shareholders of the Parent Company				
FY 2021	Not	Share Capital	Other contributed capital	Reserves	Losses carried forward/ Retained earnings, including profit (loss) for the period	Total shareholders equity
Starting balance as at 1 st of Jan 2021		500	325 000	-2 925	-2 109	320 466
Net profit for the period Jan - Dec 2021		-	-	-	16 906	16 906
Other comprehensive income for the period		-	-	6 821	-	6 821
Total comprehensive income for the period		-	-	6 821	16 906	23 727
Closing balance as of 31st December 2021		500	325 000	3 896	14 798	344 193
FY 2022						
Starting balance as at 1 st of Jan 2022		500	325 000	3 896	14 798	344 193
Net profit for the period Jan - Dec 2022		-	-	-	9 068	9 068
Other comprehensive income for the period		-	-	4 909	-	4 909
Total comprehensive income for the period		-	-	4 909	9 068	13 977
Closing balance as of 31st December 2022		500	325 000	8 805	23 866	358 170

The notes on pages 16 to 42 constitute an integrated part of these consolidated statements.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in KSEK	Note	1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Cash flow from operating activities			
Operating profit (loss)		46 778	53 742
<i>Adjustment for non-cash items</i>			
- Other non-cash items		1 784	1 102
- Depreciation of tangible and intangible assets		37 224	36 742
Interest received		1 307	43
Interest paid		-30 614	-28 494
Income taxes paid		-7 653	-14 467
Cash flow from operating activities before changes in working capital		48 826	48 668
Cash flow before changes in working capital			
Increase/decrease of inventories		-26 625	-19 478
Increase/decrease of trade receivables		4 270	-17 003
Increase/decrease of other current receivables		9 083	-1 469
Increase/decrease of trade payables		-11 892	12 901
Increase/decrease of other current payables		10 821	5 207
Total changes in working capital		-14 343	-19 842
Cash flow from operating activities		34 483	28 826
Cash flow from investing activities			
Investment in intangible assets	14	-11 970	-13 218
Investment in property, plant and equipment	15	-8 859	-13 066
Investment in other financial assets		-16	
Cash flow from investing activities		-20 845	-26 284
Cash flow from financing activities			
Increase/decrease of current financial liabilities	28	-437	11 853
Rebuy of bond	34	-	-13 750
Repayment of leasing debt	34	-14 404	-14 363
Cash flow from financing activities		-14 841	-16 260
Decrease/increase of cash and cash equivalents			
Opening cash and cash equivalents	21	49 413	60 812
Net cash flow during the period	2.21	-1 203	-13 717
Exchange rate differences in cash and cash equivalents		941	2 318
Closing cash and cash equivalents		49 151	49 413

The notes on pages 16 to 42 constitute an integrated part of these consolidated statements.

Notes to the consolidated statements

1. General

Swedish Electromagnet Invest AB (publ), corporate identity number 559153-6510, is a limited company, registered in Sweden and headquartered in Åmål. The address of the head office is: Swedish Electromagnet Invest AB, c/o SEM Aktiebolag, Box 30, 662 00 Åmål, Sweden. The operations of the Parent Company and its subsidiaries comprise development, manufacturing and marketing of emission critical and high-technological components for heavy-duty commercial vehicles ("HDCV"). Core areas include a number of different ignition systems, injectors stators and sensors, primarily for natural gas ("NG") and diesel powered HDCVs, as well as smaller ignition systems for hand-held tools for the professional. The Groups sells its products through its own sales channels all over the world, and customers include well-known OEMs, both Tier 1 and Tier 2 within the industry.

These consolidated accounts were approved for publication by the Board of Directors on the 27th April 2023. Unless otherwise stated, all amounts are in thousands of SEK (KSEK).

2. Summary of significant accounting policies

Included in the Note is a list of significant accounting policies applied in the preparation of these consolidated financial statements. These policies were applied consistently for all years presented, unless otherwise stated. The consolidated financial statements encompass the legal Parent Company Swedish Electromagnet Invest AB (publ) and its subsidiaries.

2.1 Basis of Preparation

(i) In accordance with IFRS

The consolidated financial statements for Swedish Electromagnet Invest Group have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 1 Supplementary rules for groups, and International Financial Reporting Standards (IFRS) and interpretations from IFRS Interpretations Committee (IFRS IC), as endorsed by the EU. The consolidated financial statements were prepared in accordance with the cost method.

The Parent Company was established on the 26th March 2018, which is also the initiation date for the Group, but no operations were conducted until Swedish Electromagnet Holding Group was acquired on December 11, 2018.

The preparation of annual accounts in accordance with IFRS requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Those areas that include a high level of assessment, that are complex or such areas where assumptions and estimations are of material importance for the consolidated financial statements are stated in Note 4 Significant accounting estimates and assessments.

(ii) New and amended standards applied by the Group

No other of the interpretations of IFRS or IFRIC interpretations that have entered into force in accounting year 2022, are expected to have a material impact on the Group.

(iii) New and amended standards not yet applied by the Group

A number of new standards and interpretations become valid for financial years commencing on the 1st January 2022 and later, have not been applied in the preparation of this interim report. None of the published standards which has not yet got valid is judged to have any essential effect on the group when applied.

2.2 Consolidated financial statements

(i) Subsidiaries

Subsidiaries are all companies in which the Group has a controlling influence. The Group has control over a company when it is exposed to or have a right to variable returns from its participation in the company and has the possibility to influence the return through its participation in the company. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to recognize the Group's business combinations. The acquisition price is the consideration paid for a subsidiary and comprise the fair value of the assets transferred, the liabilities incurred by the Group to the previous owner of the company. The consideration also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are expensed as incurred.

Inter-company transactions, balance sheet items and unrealized gains and losses on transaction between Group companies are eliminated. The accounting principles for subsidiaries have, when necessary, been revised in order to ensure a consistent application of the Group's accounting principles.

2.3 Segment reporting

The operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The CEO is the chief operating decision maker and evaluates financial position and performance and makes strategic decisions. The internal reporting consists of the following-up of performance measures for the Group as a whole. When the chief operating decision maker makes decisions regarding the allocation of resources and measure results for the Group as a whole, the Group in its entirety is deemed to make up one segment.

2.4 Foreign currency translation

(i) Functional currency and presentation currency

The entities in the Group have the local currency as their functional currency, as the local currency has been defined as the primary economic environment in which each entity operates. The consolidated accounts are presented in SEK, which is the Parent Company's functional and the Group's presentation currency.

(ii) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the transaction dates. Foreign exchange-rate profits and losses from such transactions and at the translation of monetary assets and liabilities in foreign currencies using the exchange rates prevailing at the balance sheet date, are recognized in operating profit (loss) in other comprehensive income.

Foreign exchange-rate profits and losses attributable to liabilities and cash and cash equivalents are recognized in the statement of comprehensive income as financial income and financial costs. All other foreign exchange-rate profits and losses are recognized under other operating costs and other operating income, respectively.

(iii) Translation of foreign Group companies

Profit (loss) and financial position for all companies with a functional currency other than the reporting currency are translated to the reporting currency of the Group. Assets and liabilities for each of the balance sheets are translated from the foreign operation's functional currency to the Group's reporting currency, using the exchange rates prevailing at the balance sheet date. Income and costs for each of the income statements are translated to SEK using the average exchange rate prevailing at each transaction date. Foreign exchange differences arising from the currency translation of foreign operations are recognized in other comprehensive income. Accumulated profit or loss are recognized in profit (loss) for the period when the foreign entity is disposed of, wholly or in part. Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities in these operations and are translated to the exchange rate at the balance sheet date.

2.5 Revenue recognition

(i) Sales of goods and services

Revenue from external customers mainly comprise the development and manufacturing of highly engineered mission critical powertrain components for heavy duty commercial vehicles ignition systems such as a range of ignition systems, injector stators and sensors, primarily used for natural gas ("NG") and diesel powered HDCVs as well as ignition systems for handheld professional power tools.

The sales of customer specific ignition systems and components are recognized as income over time. The income is recognized as ignition systems and components are finished and delivered. The sales of development- and design services together with customer specific tools are recognized over time, as they do not have any alternative use for the Group. Income is recognized as the tools are finished.

The agreements usually contain a number of performance obligations, such as the manufacturing of products, development services and design services. If an agreement includes more than one performance obligation, the transaction price is allocated to each separate performance obligation, based on their independent sales prices. In those cases when an independent sales price is not directly observable, the price is estimated based on expected costs plus a profit margin. The transaction price is set, but there might be variable remuneration in the shape of volume rebates, based on accumulated sales over a 12-month period. The income from the sales is recognized based on the price in the agreement, less deducted calculated rebates. Sales forecasts are used to estimate the expected values of the rebates, and income is only recognized to the extent that it is highly probable that a significant reversal will not occur. A contractual liability is recognized for expected volume rebates in relation to sales up until and including the balance sheet date.

The Group's obligation to repair or replace defective instruments in accordance with normal guarantee regulations is recognized as a provision.

A receivable is recognized when the goods have been delivered, as this is the point in time when paying becomes unconditional.

(ii) Interest income

Interest income is recognized with the application of the effective interest method.

2.6 Leases

The Group mainly leases offices, cars, and machinery for production. The lease agreements are normally made for fixed periods of 2 to 6 years but may have extension options as described below.

The Group recognized the leases as right-of-use assets and a corresponding liability at the date at which the leased asset is available for use. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- fixed payments
- variable lease payment that are based on an index

The lease payments are discounted using the interest rate implicit in the lease.

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

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss.

Extension and termination options

Extension or termination options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations.

2.7 Current and deferred income tax

Tax cost for the period comprises current tax calculated based on the taxable profit (loss) for the period in accordance with valid tax rates. The cost of current tax is adjusted for changes in deferred tax assets and tax liabilities attributable to temporary differences and non-utilized loss carry forwards.

The cost of current tax is calculated based on the tax rules that are decided, or in practice decided, in those countries in which the Parent Company and its subsidiaries have operations and generate taxable income. Management regularly assesses the claims made in tax returns regarding situations where applicable tax rules are subject to interpretations. When deemed necessary, management will make provisions for the amounts that are likely to be payable to the tax authorities.

Deferred tax is recognized for all temporary differences that arise between the taxable value of assets and liabilities and their carrying values in the consolidated financial statements. However, a deferred tax liability is not recognized if it arises as a result of the initial recognition of goodwill. Neither is a deferred tax liability recognized if it arises as a result of a transaction that constitutes the initial recognition of an asset or a liability that is not a business combination and which, at the date of the transaction, neither impacts the carrying value nor the taxable profit (loss). Deferred income tax is calculated applying tax rates (or regulations) decided or announced as per the balance sheet date and which are expected to be valid when the deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that there will be future taxable surpluses against which the temporary differences can be utilized.

Deferred tax assets and tax liabilities are offset when there is a legal right of offsetting for current tax assets and tax liabilities, and when the deferred tax assets and tax liabilities are attributable to taxes charged by the same tax authorities and are either attributable to the same tax subject or different tax subjects, where there is an intention to settle the balances through net payments.

Current and deferred tax is recognized in the statement of comprehensive income, except for tax attributable to items that are recognized in other comprehensive income or directly in equity. In such cases, tax is recognized, too, in other comprehensive income and equity, respectively.

2.8 Intangible assets

(i) Goodwill

Goodwill arises at the acquisition of subsidiaries and consists of the amount by which the consideration, any non-controlling interest in the acquired company and fair value at the acquisition dates of previous shareholdings exceeds the fair value of identifiable net assets acquired.

In order to perform impairment tests, goodwill acquired in a business combination is allocated to cash generation units or groups of cash generating units that are expected to be benefited with synergies from the acquisition. Each unit or group of units to which goodwill has been allocated correspond to the lowest level in the Group for which the goodwill in questions is monitored in the internal governance. Goodwill is monitored based on the Group as a whole.

(ii) Capitalized expenditure for development activities

Development costs, where research results or other knowledge is applied in order to produce new or enhanced ignition systems or components, are recognized as an asset in the statement of financial position if the following criteria are met:

- it is technically feasible to complete the products so that they will be available for use;
- it is the Company's purpose to complete them so that they will be available for use or sale;
- there are prerequisites to make the products available for use or sale;
- it is possible to prove how the products are likely to generate future economic benefits;
- there are adequate technical, economic, and other resources to fulfil the development and to make the products available for use or sale; and
- the costs attributable to the products during development can be reliably calculated.

The carrying value includes costs of material and direct costs for salaries. Other development costs are recognized in the statement of comprehensive income as a cost as incurred. In the statement of financial position capitalized development costs are reported at cost less accumulated depreciation and any impairment. Capitalized development expenditure is recognized as intangible assets and is depreciated from the date when the asset is ready for use. The estimated useful life is 5-6 years, which corresponds to the estimated period of time during which these assets will generate cash flows. Development costs, that do not

meet these criteria, are expensed as incurred.

Development expenditure previously carried at cost is not recognized as an asset in a subsequent period.

(iii) Customer relationship and trademarks

Customer relationship and trademarks acquired as part of the business combination is accounted as fair value at the acquisition date. In the subsequent periods the value of customer relationship is calculated as the acquisition value lowered by the accumulated depreciation. The useful life is estimated to 20 years, which is similar to the period the asset will generate cash-flow. Trademarks are considered to have an indeterminate useful life. The indeterminate useful life is deemed to exist since the strategy of the group is to keep the acquired trademarks which also are considered to be a driver of future sales. In the subsequent periods the value of trademarks is calculated as the acquisition value and will be impairment tested every year.

2.9 Property, plant and equipment

Property, plant and equipment mainly comprise machinery and other technical equipment, tools, fixtures and fittings. Property, plant and equipment are recognized at cost less depreciation. In cost is included expenditure directly attributable to the acquisition of the asset.

Additional costs are added to the asset's carrying value or are recognized as a separate asset, depending on which is most suitable, only when it is probable that the future economic benefits attributable to the asset will flow to the Group and the cost of the asset can be reliably measured. The carrying value of the replaced component is derecognized from the statement of financial position. All other kinds of reparations and maintenance are recognized at cost in the statement of comprehensive income in the period in which they occur.

Depreciation of assets, in order to allocate their cost to their estimated residual value over their estimated useful lives, is done on a straight-line basis according to the following:

- Tools tied to the production 3 - 5 years
- Machinery and equipment 5 - 10 years
- Cars and computers 3 - 5 years

The assets' residual values and useful lives are assessed at the end of each reporting period and adjusted, if needed.

The carrying value is immediately written down to its residual value if the asset's carrying value exceeds its estimated residual value.

Profit or loss from disposals is established through a comparison of the profit from the sales and the carrying value and is recognized in "Other operating income" and "Other operating costs", respectively, in the statement of comprehensive income.

2.10 Impairment of non-financial assets

Goodwill and trademarks with an indefinite useful life or intangible assets not ready for use are not depreciated, but are tested for impairment annually or, at an indication of an impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment is made in the amount to which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the greater of an asset's fair value, less cost to sell and the asset's value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separate, identifiable cash flows (Cash Generating Units, CGUs). For assets (other than goodwill and trademarks) that have previously been impaired, a test of impairment is performed on each balance sheet date if a reversal ought to be done.

2.11 Financial instruments

(i) Initial recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual terms and conditions of the instrument. Purchases and sales of financial assets and liabilities are reported on the trade date, that is, the date on which the Group commits itself to purchase or sell the asset.

Financial instruments are initially valued at fair value plus, for an asset or liability which is not recognized at fair value through

profit or loss, transaction costs directly attributable to the acquisition or issuance of a financial asset or a financial liability, e.g., fees and commission fees.

(ii) Financial assets - Classification and measurement

The Group classifies and measures its financial assets in the category financial assets recognized at amortized cost

Financial assets at amortized cost

The classification of investments in debt instruments is dependent on the Group's business model or managing financial assets and the contractual terms and conditions for the assets cash flows. The Group only reclassifies debt instruments in case the Group's business model for the instruments is changed.

Assets held with the sole purpose of collecting contractual cash flows, and where these cash flows comprise only principal and interest, are carried at amortized cost. Interest income from such financial assets is recognized as financial income with application of the effective interest method.

The Group's financial assets valued at amortized cost comprise the items other financial assets, trade receivables, other receivables, accrued income and cash and cash equivalents.

(iii) Derecognition of financial assets

Purchases and sales of financial instruments are reported on the trade date, that is, the date on which the Group commits itself to purchase or sell the asset. Financial assets are derecognized from the statement of financial position when the right to receive cash flows from the instrument has expired or been transferred, and the Group has, in all significant aspects, transferred all risk and benefits associated with the ownership.

Profits and losses arising from derecognition from the balance sheet are recognized directly in profit and loss.

(iv) Financial liabilities - Classification and measurement

After initial recognition, the Group's financial liabilities are valued at amortized cost applying the effective interest method.

The Group's financial liabilities measured at amortized cost comprise the items bond loans, other non-current liabilities, trade payables, other liabilities and accrued costs.

(v) Derecognition of financial liabilities

Financial liabilities are derecognized from the statement of financial position when the obligations are settled, cancelled or has expired in any other way. The difference between the carrying value of a financial liability that has been extinguished or transferred to another party and the fee paid, including assets transferred, assets that are not cash and cash equivalents or assumed liabilities, are reported in the statement of comprehensive income.

When the terms and conditions of a financial liability are re-negotiated and are not derecognized from the statement of financial position, a profit or loss is reported in the statement of comprehensive income. The profit 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.

(vi) Offsetting of financial instruments

Financial assets and liabilities are offset and recognized with a net amount in the statement of financial position only when there is a legal right to offset the recognized amounts and an intention to balance the items with a net amount, or to simultaneously realize the asset and settle the liability. The legal right must not be dependent on future events and it must be legally binding for the Company and the counterparty, both in the normal course of business and in case of suspension of payments, insolvency, or bankruptcy.

(vii) Impairment of financial assets recognized at amortized cost

Assets recognized at amortized cost

The Group assesses future credit losses associated with assets recognized at amortized cost. The Group recognizes a credit reserve for such expected credit losses on each reporting date.

For trade receivables, the Group applies the simplified approach, i.e., the reserve will correspond to the expected loss over the lifetime of the trade receivable. In order to measure the expected credit losses, trade receivable have been grouped based on shared credit risk characteristics and the days past due. The Group applies forward-looking variables for expected credit losses. Expected credit losses are recognized based on overdue days.

2.12 Inventories

Inventories are recognized at the lower of cost and net realizable value. Cost comprises direct cost of goods, direct salaries and attributable direct manufacturing costs (based on normal manufacturing capacity). Borrowing costs are not included. The cost of individual items in inventories are allocated based on weighted average costs. The cost of goods for resale is established after

deduction of rebates. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Trade receivables

Trade receivables are amounts attributable to customers regarding goods or services sold in the ordinary course of business. Trade receivables are initially recognized at fair value (transaction price). The Group holds the trade receivables in order to collect contractual cash flows and they are, therefore, recognized at the subsequent reporting date at amortized cost using the effective interest method, less loss allowance provisions.

2.14 Cash and cash equivalents

In cash and cash equivalents are included, both in balance sheet and the statement of cash flow, bank balances.

2.15 Share capital

Ordinary shares are classified as equity.

2.16 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs. Borrowings are subsequently recognized at amortized cost and any difference between the amount received (net of transaction costs), and the amount to be repaid is recognized in the statement of comprehensive income, distributed over the term of the loan, using the effective interest method.

Borrowings are derecognized from the statement of financial position when the obligations are settled, cancelled or have expired in any other way. The difference between the carrying value of a financial liability (or a portion of a financial liability) that has been extinguished or transferred to another party and the fee paid, including assets transferred, assets that are not cash and cash equivalents or assumed liabilities, are reported in the statement of comprehensive income.

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.

2.17 Provisions

Provisions for restructurings, legal claims, guarantee commitments and restoration measures are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. No provisions are made for future operating losses. Should there be a number of similar obligations, an assessment is made of the probability that an outflow of resources will be needed at settlement for the whole group of obligations.

A provision is recognized even though the probability for an outflow attributable to a certain item in this group is insignificant. Provisions are measured at the present value of the expenditure required to settle the present obligation. For this purpose, a discount rate is used reflecting a current market evaluation of the time value of money and the risks associated with the provision. The increase of the provision due to the passing of time is recognized as interest costs.

Provisions for product guarantees are based on historic information of expenses incurred to settle requirements according to the warranty conditions.

2.18 Employee benefits

(i) Short-term benefits to employees

Liabilities for salaries and remuneration, including non-monetary benefits and paid sick leave, that are expected to be settled within 12 months after the end of the financial year, are recognized as current liabilities at the non-discounted amount expected to be paid when the liabilities are settled. The cost is recognized in the statement of comprehensive income as the services are rendered by the employees. The liability is recognized as a liability regarding employee benefits in the consolidated statement of financial position.

(ii) Pension obligations

Within the Group, there are both defined-contribution plans and defined-benefit plans. A defined-contribution plan is a pension plan according to which the Group pays a fixed amount to a separate legal entity. The Group has no legal or constructive obligation to pay additional premiums of this legal entity does not have adequate means to pay all benefits to employees, attributable to their service in current or previous periods. The premiums are reported as personnel costs in the statement of

comprehensive income when they fall due.

The Group has pension obligations secured through a capital insurance. The employee carries the actuarial risk and the investment risk, and the Group carries no risk. Therefore, pension obligations are classified as defined contribution plans, and for that reason neither the asset (the capital insurance) or the obligation (the pension obligation) is recorded in the statement of financial position.

Pension obligations for Swedish white-collar employees, which is secured through an insurance with Alecta, are reported as a defined contribution plan. According to a statement from the Swedish Financial Reporting Board, UFR 10 Accounting for the pension plan ITP 2 financed through an insurance in Alecta, this is a defined benefit multi-employer plan. For the financial year 2022, the Group has not had access to information in order to be able to report its proportional share of the obligations of the plan, plan assets and costs and, therefore, it has not been possible to recognize the plan as a defined benefit plan. The ITP 2 pension plan, secured through an insurance with Alecta, is therefore reported as a defined contribution plan. The premium of the defined contributions plan for retirement pensions and survivor's pension is calculated individually, and is, among other factors, based on salary, previously earned pension and expected remaining years of service. Expected premiums for the next reporting period for ITP 2 insurances signed with Alecta is 1 221 (1 800) KSEK. The company's share of total savings premiums for ITP 2 in Alecta¹ 0,01046% (0,00959%). The company's share of the total number of active insured in ITP 2² 0,01149% (0,01109%).

The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance obligations in accordance with Alecta's actuarial methods and assessments, which do not comply with IAS 19. The collective consolidation level should normally be allowed to vary between 125 (125) % and 175 (175) %. If Alecta's collective consolidation level falls below 125 (125) % or exceeds 175 (175) %, measure should be taken in order for the consolidation level to return to the normal interval. At a low consolidation, one measure might be to increase the price when signing new insurance agreements and an expansion of existing benefits. At a high level of consolidation, one measure might be to introduce lower premiums. At the end of the financial year 2022, Alecta's surplus of the collective consolidation level was preliminary, 172 (172) %.

The Group has defined benefit plans in the PRI system. The liability recognized in the statement of financial position regarding the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. Independent actuaries with the application of the projected unit credit method calculate the defined benefit obligation annually. The present value of the defined benefit obligation is established through discounting of estimated future cash flows using the interest rate for first class corporate bonds/mortgage bonds issues in the same currency as that, in which the remuneration will be paid with terms comparable with the pension obligation in question.

Revaluation profits and losses resulting from experience-based adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the period in which they are incurred. They are included in retained earnings in the statement of changes in equity and in the statement of financial position.

Cost for services rendered during previous periods are recognized directly in the statement of comprehensive income.

2.19 Trade payables

Trade payables are financial instruments and refer to the obligation to pay for goods and services acquired in the normal course of business from suppliers. Trade payables are classified as current liabilities if they fall due within one year. In other cases, they are recognized as non-current liabilities. Trade payables are initially recognized at fair value, and subsequently at amortized cost, applying the effective interest method.

2.20 Dividends

Dividends to the Parent Company's shareholders are recognized as a liability in the consolidated financial statements in the period when the dividend is approved by the Parent Company's shareholders.

2.21 Cash Flow Statement

Cash flow statements are prepared in accordance with the direct method. The cash flow recognized comprise only transactions that have given rise to payments to or from the Company.

¹ Refers to the entire period

² Valid for the last month of the period

3. Financial risk management

3.1 Financial risk factors

Through its operations, the Group is exposed to various financial risks attributable to accounts receivable, accounts payable and loans. Market risk, mainly interest risk, currency risk, credit risk, liquidity risk and refinancing risk. The Group strives to minimize potential unfavorable effects from these risks on the Group's financial results.

The aim of the Group's financial operations is to:

- Ensure that the Group can meet its payment
- Manage financial risks,
- Ensure a supply of necessary financing, and
- Optimize the Group's net financial income.

The Group's risk management is handled centrally by the Treasury department, which identifies, evaluates and secures financial risks in close cooperation of the Group's operating units.

(i) Market risk

- Currency risk

The Group performs operations globally and is exposed to interest and currency risks occurring from various currency exposures, primarily attributable to the US dollar (USD). Currency risk occurs from payment flows in foreign currencies, so called transaction exposure, and from the translation of foreign subsidiaries' income statements and balance sheets to the Group's reporting currency, which is Swedish kronor (SEK), so called balance exposure.

The Group does not hedge its currency risk exposure. The Group offsets inflows and outflows in the same currency as far as possible to achieve, and the Group has a pricing mechanism with the majority of customers who buy in USD, which adjusts the exposure quarterly and semiannually.

Sensitivity analysis: If the Swedish krona (SEK) had weakened/ strengthened with 10% in relation to the USD, EUR and CNY all other factors held constant, the translated profit before tax would, at the 31st December 2022, would have been effected as shown below.

The Group is affected by changes in exchange rates in primarily two different ways, also described above.

Payment flows - when the Group's sales are in a currency other than the costs of production. The effect is reduced by purchases made in the same currency.

The net amounts that affected the result before tax are as below.

	USD/SEK	CNY	EUR	Total
Transaction exposure in KSEK	195 198	-52 682	-50 265	92 251

A general increase / decrease of 10% of the Swedish krona would, based on the above amount, affect the Group's profit before tax with the following in KSEK:

USD/SEK	CNY/SEK	EUR/SEK	Total
+/-19 520	+/-5 268	+/-5 026	+/-9 225

Equity - when the Group's foreign subsidiaries' net assets are converted to Swedish kronor, currency effects arise.

The amounts that affected the result before tax are as below.

	USD	CNY	Total
Recalculation exposure in KSEK	3 519	59 796	63 315

A general increase / decrease of 10% of the Swedish krona would, based on the above amount, affect the Group's profit before tax with the following in KSEK:

USD	CNY	Total
+/-352	+/-5 980	+/-6 332

- Interest-rate risk

Borrowings comprise bond loans in SEK with variable interest, which expose the Group to interest risk concerning cash flow. The Group does not hedge its interest rate risk regarding future cash flows.

If interest rates on borrowing as of December 31, 2022 had been 1% percentage point higher/lower with all other variables constant, the estimated profit before tax for the financial year would have been SEK 3.3 (3.3) million lower/higher, mainly as an effect of higher/lower interest costs for borrowing with a variable interest rate. When Stibor 3 months rose at the end of 2022, the actual interest charge for Q4 2022 was almost 1.5% percentage points higher and entailed a higher interest expense in the fourth quarter of 2022 of SEK 1.3 million compared to Q4 2021 derived from increased interest.

(ii) Credit risk

Credit risk is managed at Group level, with the exception of credit risk regarding outstanding accounts receivable, for which an analysis is performed by each Group company. Credit risk occurs through cash and cash equivalents and bank balances as well as credit exposures to customers. In the cases where no independent credit rating is available, a risk assessment is made of the customer's credit worthiness, in which consideration is given to the customers financial position, as well as previous experiences and other factors.

(iii) Liquidity risk

The Group ensures, through a prudent liquidity management, that there are appropriate cash and cash equivalents to meet the requirements of the day-to-day operations. Cash flow forecasts are prepared by the Group's operating units and are aggregated at Group level. On Group level, rolling forecasts are closely monitored to ensure that the Group has appropriate cash and cash equivalents to meet the demands of the day-to-day operations. Cash flow forecasts are prepared in SEK. The Group also monitor balance sheet-based liquidity measures against internal and external requirements and ensures the availability of external financing.

(iv) Refinancing risk

Refinancing risk is defined as the risk for difficulties in refinancing the Company, that financing cannot be achieved, or can only be achieved at a higher cost. The Group secures the supply of external financing.

The table below presents an analysis of the Groups non-derivative financial liabilities, divided by the time remaining on the balance sheet date to the contractual maturity date. The amounts presented in the table are contractual, non-discounted cash flows. Future cash flows in foreign currencies have been calculated based on the exchange rate and interest valid on the balance sheet date.

	Less than 3 months	Between 3 months and 1 year	Between 3 months and 1 year	Between 2 and 5 years	After 5 years	Total contractual cash flows	Carrying amount
31st December 2021							
Financial liabilities							
Bond loan	6 563	375 625	-	-	-	382 188	334 236
Credit facility	-	11 853	-	-	-	11 853	11 853
Leasing liability	4 083	11 635	15 496	33 058	-	64 272	51 770
Accounts payable	41 591	-	-	-	-	41 591	41 591
Accrued expenses and deferred income	1 531	-	-	-	-	1 531	1 531
Total	53 768	399 113	15 496	33 058	-	501 434	440 981

	Less than 3 months	Between 3 months and 1 year	Between 3 months and 1 year	Between 2 and 5 years	After 5 years	Total contractual cash flows	Carrying amount
31st December 2022							
Financial liabilities							
Bond loan	336 250	-	-	-	-	336 250	336 250
Credit facility	-	11 416	-	-	-	11 416	11 416
Leasing liability	4 155	10 678	13 215	21 959	-	50 007	38 641
Accounts payable	29 699	-	-	-	-	29 699	29 699
Accrued expenses and deferred income	1 846	-	-	-	-	1 846	1 846
Total	371 950	22 094	13 215	21 959	-	429 218	417 852

3.2 Capital management

The Group's aim regarding the capital structure is to ensure the Group's ability to continue its operations in a way to continue to generate returns to the shareholders and be of use to other stakeholders, as well as maintaining an optimal capital structure to keep costs capital costs low.

The Group assesses its capital based on Net Interest Bearing Debt/Normalized EBITDA. This key performance indicator is calculated in accordance with the terms and conditions for the bond. According to those terms and conditions only financial leasing under IAS 17 shall be included (for complete definition, see definitions on page 54).

For EBITDA and normalization, calculations are made for the last 12 months (LTM).

The normalization performed are cost and income of a non-recurring art, for which, according to the terms and conditions of the bond, EBITDA should be adjusted.

Net Interest Bearing Debt/Normalized EBITDA at 31st December 2022 was as follows:

Financial indebtedness MSEK	2022-12-31	2021-12-31
Bond loan	336,25	334,24
Financial leasing	15,82	22,89
Overdraft facility	11,42	11,85
Total financial indebtedness:	363,49	368,98
Less:		
Cash and cash equivalents ²⁾	45,71	49,41
Total cash and cash equivalents:	45,71	49,41
Net Debt¹⁾	317,78	319,57
EBITDA(LTM)	84,00	90,48
Effect of IFRS16	-7,96	-7,96
Normalizations (LTM)	9,35	-2,00
Normalized EBITDA(LTM)	93,35	80,52
Senior net debt/EBITDA	4,18	3,87
Senior net debt/Normalized EBITDA	3,72	3,97

Figures regarding Q4 2022 and Q4 2021. Please see "Definitions" for further details.

1) Net debt according to Bond Terms

2) 2) Excluding 2,044 MSEK in separate bank account from Energimyndigheten and 1,396 MSEK in separate bank account from Vinnova which shall be split between project participants.

4. Significant accounting estimates and assessments

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. The estimates and assumptions that involve a heightened risk of significant adjustments to carrying amounts for assets and liabilities during the next financial year.

4.1 Test of impairment of goodwill and trademarks

The Group performs tests annually to determine whether there is a need for impairment of goodwill and trademarks, in accordance with the accounting principle presented in Note 14.1 Test of impairment of goodwill and trademarks. Residual values for cash generating units are established through the calculation of the value in use. The calculation of the residual value is based on estimated future cash flows before tax. The CEO and the Board have assessed that revenue growth, EBITDA, the discount rate and long-term growth rate are the most important assumptions in the impairment test.

The recognized value of Goodwill is KSEK 257 024 and of Trademarks KSEK 143 633 at the 31st December 2022. For comparison year see Note 14.

The residual value exceeds the carrying value of goodwill and trademarks.

4.2 Measurement of deferred tax assets in connection with loss carryforwards - interest deduction

Following the introduction of the new rules on interest deduction limitations in Sweden, the Group recorded a non-deductible interest. This non-deductible interest means a changed tax expense in 2022 of 3,4 (2,1) SEK million for the Group. There is a future possible tax credit on the same amount. Given that there are time constraints in the possibility of utilizing the future tax credit, the Group has, for prudence, chosen not to record the future tax credit but will be taking the positive tax effects at the rate that the tax credit is utilized. The tax cost during the fourth quarter of 2022 is affected by the group's interpretation of the Swedish Tax Authority's position, November 2022, "I vilka situationer kan utgifter till annan part än långgivaren räknas som ränteutgifter? (dnr: 8-192565), concerning interest costs of SEK 0,9 MSEK. For further analysis of taxes, please refer to Note 27.

5. Segment information

The CEO is the chief operating decision maker of Swedish Electromagnet Invest AB Group. The CEO evaluates financial position and performance and makes strategic decisions. The CEO makes decisions on the allocation of resources and evaluate performance based on the Group as a whole. Internal reporting is also based on the Group's performance as a whole, why the Group in its entirety is deemed to make up one segment.

The majority of the Group's tangible assets relate to tangible assets in Sweden.

6. Net sales

The Group has recognized the following amounts in the statement of comprehensive income attributable to income:

	Jan – Dec 2022	Jan – Dec 2021
Revenue from contracts with customers	373 389	411 965
Total revenue	373 389	411 965

6.1 Division of revenue from customer contracts

The Group gas income according to the below specification from sales of goods and services. Income from external customers comprise mainly the production and development of ignition systems, injector stators, sensors, and other components. The majority of the Group's revenue is recognized over time.

Revenue from customer contracts per goods item and service	Jan – Dec 2022	Jan – Dec 2021
Ignition systems and components	363 038	400 864
Design and development services	10 351	11 101
Total	373 389	411 965

Net sales per geographical market	Jan – Dec 2022	Jan – Dec 2021
Sweden	56 772	63 971
Europe excl. Sweden	40 551	63 013
North America	169 460	172 077
China	40 412	73 834
Other markets	66 195	39 071
Total	373 389	411 965

7. Auditors' fees

	Group		Parent company	
	2022	2021	2022	2021
PwC				
Audit assignments	801	728	285	246
Tax advice	-	157	-	-
Other services	-	-	-	-
Other	-			
Audit assignments	166	70	-	-
Tax advice	79	20	-	-
Other services	-	44	-	44

Audit assignment implies the audit of the Annual Report and the accounts, as well as the administration of the Board of Directors and the President, other tasks that the Company's auditor is responsible for performing and such advisory or other assistance that is caused by observations at such an audit or the performing of such other tasks. Other services mostly consist of fees relating to IFRS and tax and VAT advice as well as questions in connection with refinancing. The above-mentioned fees relate to the following: PwC AB Sweden, audit assignments 498 (417) KSEK, auditing activities in addition to the audit assignment - (-) KSEK and other services - (157) KSEK (tax advice).

8. Costs broken down by type of cost

	1 st Jan - 31 st Dec 2022	1 st Jan - 31 st Dec 2021
Raw materials and consumables	-136 083	-173 116
Employee benefits	-109 967	-105 994
Capitalized development hours	-	6 589
Depreciation of tangible assets	-12 884	-12 292
Depreciation of right-of-use assets	-14 958	-15 597
Amortization of intangible assets	-9 383	-8 853
Other external expenses	-49 075	-53 056
Total operating costs	-332 350	-362 319

9. Depreciation per function

	Jan - dec 2022				Jan - dec 2021			
	Tangible assets	Right-of-use assets	Intangible assets	Total	Tangible assets	Right-of-use assets	Intangible assets	Total
Cost of goods sold	8 095	14 958	-	23 053	5 892	15 596	-	21 488
Selling expenses	38	-	8 444	8 482	33	-	8 444	8 477
Administrative expenses	303	-	-	303	323	-	-	323
Research and development expenses	4 448	-	939	5 387	6 045	-	409	6 454
Total depreciation/ amortization	12 884	14 958	9 383	37 224	12 293	15 596	8 853	36 742

10. Employee benefits, etc.

	1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Salaries and other remuneration	78 642	76 704
Social security contributions	21 205	20 388
Pension costs – defined contribution plans	10 119	8 902
Total employee benefits	109 967	105 994

Salaries and other remuneration and social security expenses

	1 st Jan 2022 – 31 st Dec 2022		1 st Jan 2021 – 31 st Dec 2021	
	Salaries and other remuneration (of which bonuses)	Social security expenses (of which pension cost)	Salaries and other remuneration (of which bonuses)	Social security expenses (of which pension cost)
Board members, CEOs and other senior executives*	20 309(1 213)	9 056(3 111)	19 177(2 246)	7 517(2 809)
Other employees	53 333(490)	22 269(7 008)	57 527(-)	21 773(6 093)
Group total	78 642(1 703)	31 325(10 119)	76 704(2 246)	29 290(8 902)

*Pertains to all senior executives in the Parent Company and subsidiaries.

Average number of employees geographically broken down by country

	1 st Jan 2022 – 31 st Dec 2022		1 st Jan 2021 – 31 st Dec 2021	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Sweden	115	74	121	75
Germany	1	1		
China	72	16	78	19
North America	1	1	1	1
Group total	189	92	200	95

Gender distribution in the Group (incl. subsidiaries) for Board members and other senior executives

	1 st Jan 2022 – 31 st Dec 2022		1 st Jan 2021 – 31 st Dec 2021	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Board members	5	4	5	4
President and other senior executives	17	11	17	11
Group total	22	15	22	15

Remuneration and other benefits 2022 (2021)

Below only applies to Group executives.

	Basic salary/ Board fee	Variable remuneration	Other benefits	Pension costs	Total
Chairman, Halvar Jonzon	500(500)	-(-)	-(-)	-(-)	500(500)
Board member, Christina Hallin	-(-)	-(-)	-(-)	-(-)	-(-)
Board member, Hasse Johansson	200(200)	-(-)	-(-)	-(-)	200(200)
President	1 970(1 992)	-(975)	108(69)	608(583)	2 686(3 619)
Other senior executives (8 persons)	6 432(6 644)	175(-)	350(235)	1 728(1619)	8 685(8 498)
Total	9 102(9 336)	175(975)	458(304)	2 336(2 202)	12 071(12 817)

Other benefits pertain to fuel and car benefits as well as health insurance.

10.1 Guidelines

Remuneration is paid to the Chairman of the Board, Halvar Jonzon, and member Hasse Johansson in accordance with the decision of the Annual General Meeting, SEK 500 thousand to the Chairman of the Board and SEK 200 thousand to the members. To Group management, the AGM has resolved that remuneration to the President and other senior executives comprise basic salary, variable remuneration (only CEO), other benefits and pensions. Other senior executives include the eight persons who, together with the President, make up SEM AB's management team. Remuneration to the General Manager in STS-China comprise basic salary, variable salary and benefits for housing and school fees.

10.2 Bonuses

For the President, bonus is based 50% on the Group's EBITDA, and 50% on individual goals set by the Board. For 2022, no bonus has been issued for CEO, for details see Note 10.

10.3 Pensions

The Group has defined benefits plans as well as defined contribution plans in accordance with the central collective agreement, except for the President, who as a pension provision of 30% in accordance with a special agreement. Pension cost pertains to the cost that has impact profit/loss for the year. The retirement age for the President, as well as for other senior executives, is 68 years. No pension obligations have been made for any Board member.

10.4 Severance pay

Between the Company and the President, a mutual period of notice of 6 months is agreed. Severance pays in addition to salary during the notice period is not paid.

Between the Company and other senior executives, periods of notice are governed by a central collective agreement, or in accordance with special agreements and, in that case, with a period of notice of 3–4 months.

11. Financial income and expenses

	1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Interest income	1 307	43
Total financial income	1 307	43
Interest expenses – bond loan	-29 613	-26 615
Interest expenses – leasing debt	-1 409	-1 753
Other financial expenses	-2 041	-2 506
Total financial expenses	-33 063	-30 874
Financial items – net	-31 756	-30 831

12. Income tax

	1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Deferred tax	3 061	1 564
Tax attributable to previous years	-874	-7 570
Current tax	-8 140	-
Total tax	-5 953	-6 006

	1 st Jan 2022 – 31 st Dec 2022		1 st Jan 2021 – 31 st Dec 2021	
	Profit/Loss	Tax, %	Profit/Loss	Tax, %
Profit before tax	15 022	0	22 911	
Theoretical tax rate	-3 147	21,0	-5 084	22,2
Tax effects from:				
Non-tax items	3 136	20,9	122	0,5
Non-deductible items	-6 177	-41,1	-83	-0,4
Change in valuation of deferred tax	3 061	20,4	-2 122	-9,3
Changes in tax rates	-	0,0	-	0,0
Tax effect attributable to standard income on accruals	4	0,0	4	0,1
Tax on temporary differences	-	0,0	-	0,0
Tax attributable to previous years	-874	-5,8	-	0,0
Tax effect attributable to changes in taxation in China	-601	-4,0	1 157	0,1
Other	-1 346	-9,0	-	0,0
Income tax	-5 953	-39,6	-6 006	-26,2

The theoretical tax rate is calculated based on a weighting of the Group's profit/loss before tax, by country, multiplied by local corporate tax.

The corporate tax rate in Sweden has been 20,6 (20,6)% during 2022.

Tax attributable to components of other comprehensive income is KSEK -163 (-98).

Measurement of deferred tax assets in connection with loss carry forwards - interest deduction

Following the introduction of the new rules on interest deduction limitations in Sweden, the Group recorded a non-deductible interest. This non-deductible interest means a changed tax expense in 2022 of 3,4 (2,1) SEK million for the Group. There is a future possible tax credit on the same amount. Given that there are time constraints in the possibility of utilizing the future tax credit, the Group has, for prudence, chosen not to record the future tax credit but will be taking the positive tax effects at the rate that the tax credit is utilized. The tax cost during the fourth quarter of 2022 is affected by the group's interpretation of the Swedish Tax Authority's position, November 2022, "I vilka situationer kan utgifter till annan part än långgivaren räknas som ränteutgifter? (dnr: 8-192565), concerning interest costs of SEK 0,9 MSEK. For further analysis of taxes, please refer to Note 27.

13. Investments in subsidiaries

The Group had the following subsidiaries at the 31st December 2022:

Name	Country of registration and operations	Operations	Share of ordinary shares owned directly by the Parent Company (%)	Share of common shares owned by the Group (%)
<i>Direct ownership</i>				
Swedish Electromagnet Holding AB	Sweden	Intra-Group services	100%	100%
<i>Indirect ownership</i>				
SEM AB	Sweden	Production/Sales		100%
SEM Technology (Suzhou) Co Ltd	China	Production/Sales		100%
Senfusion AB	Sweden	Patents		100%
SEM Technology Inc	USA	Sales services		100%

14. Intangible assets

Per 1 januari 2021	Goodwill	Trademarks	Customer relations	Capitalized expenditure for development work and patents	Advanced for development activities	Total
Accumulated cost	257 024	143 633	168 417	18 611		587 685
Accumulated amortization	-	-	-16 888	-5 171		-22 059
Carrying amount	257 024	143 633	151 529	13 440		565 626
Accounting year 2021						
Opening carrying amount	257 024	143 633	151 529	13 440		565 626
Reclassification			-	-13 245	13 245	-13 245
This year's acquisitions, divestments and scraps	-	-		2 779	10 439	13 218
This year's divestments, and disposals			-	1 763		1 763
Depreciation for the year	-	-	-8 444	-409		-8 853
Exchange rate difference	-	-	-	-266		-266
Carrying amount at 31 Dec 2021	257 024	143 633	143 085	4 062	23 684	571 488
Per 31 December 2021						
Accumulated cost	257 024	143 633	168 417	9 280	23 684	602 038
Accumulated amortization	-	-	-25 332	-5 218		-30 550
Carrying amount	257 024	143 633	143 085	4 062	23 684	571 488

Per 1 January 2022						
Accumulated cost	257 024	143 633	168 417	9 280	23 684	602 038
Accumulated amortization	-	-	-25 332	-5 218		-30 550
Carrying amount	257 024	143 633	143 085	4 062	23 684	571 488
Accounting year 2022						
Opening carrying amount	257 024	143 633	143 085	4 062	23 684	571 488
Reclassification	-	-	-	-		-
This year's acquisitions, divestments, and scraps				18	12 098	12 116

This year's divestments, and disposals	-	-	-	-145	145	
Depreciation for the year	-		-8 444	-939		-9 383
Exchange rate difference	-	-	-	-		-
Carrying amount at 31 Dec 2022	257 024	143 633	134 641	2 995	35 782	574 075
Per 31 December 2022						
Accumulated cost	257 024	143 633	168 417	9 153	35 782	614 009
Accumulated amortization	-	-	-33 776	-6 158		-39 934
Carrying amount	257 024	143 633	134 641	2 995	35 782	574 075

14.1 Test of impairment of goodwill and trademarks

The CEO and the Board assess the performance of the business based on the group as a whole. Goodwill and brands are monitored by them from the perspective of the group as a whole.

Recoverable amount for goodwill and trademarks has been determined based on calculations of value in use.

Calculation of the value in use is based on estimated future cash flows before tax based on a determined business plan approved by the company management and covering a five-year period. The discounted cash flow model includes forecasting of future cash flows from operations based on expected order intake, economy and market situation. Production costs are based on the current wage agreement, previous year's gross margin and overheads, adjusted to expectations for the coming year. Assumptions about investments in working capital, development and machinery/facilities are based on experience and history and, where relevant, linked to sales growth.

A pre-tax discount rate of 12.8% (12.6%) has been used in the present value calculation of estimated future cash flows and it is calculated as a weighted average of the required return on equity and borrowed capital (WACC). The growth rate within the forecast period amounts to 14% (18%). The discounted cash flows have been extrapolated with a long-term growth rate of 2% (2%) after the forecast period of 5 years.

The recovery value exceeds the reported value of goodwill and trademarks.

The recovery value exceeds the reported value even when:

- the discount rate before tax had increased by 10% (10%), i.e. it would have been 14.1% (13.9%),
- the estimated growth rate to extrapolate cash flows beyond the five-year period was 1% (1%), i.e. 50% lower,
- the estimated EBITDA had decreased by 10% (10%).

15. Tangible assets

	Plant and machinery	Right-of-use assets	Equipment, tools, fixtures and fittings	Total
2021				
Opening accumulated cost	46 636	68 041	67 677	182 354
Acquired cost	8 300	22 964	3 816	35 081
Disposals	-95	-4 328	-1 237	-5 660
Disposals	3 547	1 662	-5 209	-
Closing accumulated acquisition cost	58 388	88 340	65 047	211 775
Opening accumulated depreciation	-26 680	-25 925	-45 667	-98 272
Depreciation for the year	-3 921	-15 596	-8 371	-27 889
Disposals	95	4 317	877	5 290
Reclassification	-	-784	784	-
Translation differences	939	12	661	1 613
Closing accumulated depreciation	-29 567	-37 976	-51 715	-119 258
Carrying amount at 31st December 2020	28 821	50 364	13 331	92 516
2022				
Opening accumulated cost	58 388	88 340	65 047	211 775
Acquired cost	6 633	1 828	1 673	10 134
Disposals	-599	-3 117	-40	-3 756
Translation differences	1 660	-	950	2 609
Disposals	1 651	-	-1 651	-
Closing accumulated acquisition cost	67 732	87 050	65 979	220 762
Opening accumulated depreciation	-29 567	-37 976	-51 716	-119 258
Depreciation for the year	-6 403	-14 958	-6 480	-27 841
Disposals	599	3 117	81	3 798
Reclassification	-	-	-	-
Translation differences	-1 105	3	-470	-1 572
Closing accumulated depreciation	-36 476	-40 813	-58 585	-144 874
Carrying amount at 31st December 2022	31 257	37 238	7 393	75 888

From the 1st of January 2019 leased assets are reported in a separate row in the balance sheet as "Right-of-use assets", see Note 24. Leasing and Note 2.6 for enlightenment about amended accounting principles.

16. Financial instruments by category

	Financial assets measured at amortized cost	
	31 st Dec 2022	31 st Dec 2021
Assets in the balance sheet		
Accounts receivable	73 495	77 765
Cash and cash equivalents	49 151	49 413
Total	122 646	127 178

	Financial debts measured at amortized cost	
	31 st Dec 2022	31 st Dec 2021
Liabilities in the balance sheet		
Bond loan	336 250	334 236
Accounts payables	29 699	41 591
Leasing liability	38 641	51 770
Total	404 590	427 597

17. Accounts receivable

	31 st Dec 2022	31 st Dec 2021
Accounts receivable	73 495	77 765
Less: provision for expected credit losses	0	0
Accounts receivable – net	73 495	77 765

Carrying amounts, by currency, for the Group's accounts receivable are as follows:

	31 st Dec 2022	31 st Dec 2021
SWEDISH KRONOR (SEK)	19 775	18 615
USD	50 667	52 354
EUR	2 075	3 312
CNY	869	3 378
GBP	108	106
Total	73 495	77 765

The maximal exposure to credit risk on the balance sheet date is the carrying amounts according to the above. Fair value of accounts receivable corresponds to their carrying amounts, as the discount effect is not significant.

18. Inventories

During the financial year 1st January 2022 – 31st December 2022, cost of goods of KSEK 136 083 (173 116) have been recognized in the statement of comprehensive income. It was recognized as cost of goods sold.

Impairment of inventories to the net sales value amounts to KSEK 0 (0). The impairment has been recognized in the statement of comprehensive income as cost of goods sold.

19. Other receivables

	31 st Dec 2022	31 st Dec 2021
Value added tax	-	2 722
Deposits	194	216
Advance payments from customers	267	682
Outlay for customers	1 789	737
Other items	548	29
Total	2 799	4 386

20. Prepaid expenses and accrued income

	31 st Dec 2022	31 st Dec 2021
Prepaid insurance payments	250	819
Prepaid supplier invoices	1 301	3 147
Other items	2 997	8 078
Total	4 548	12 044

21. Cash and cash equivalents

	31 st Dec 2022	31 st Dec 2021
Bank balances	49 151	49 413
Total	49 151	49 413

22. Share capital and other contributed capital

On the 31st December 2022, share capital consists of 2 000 000 ordinary shares with a quota value of SEK 0.25 with a quota. The shares carry a voting power of one vote/share. All shares issued by the Parent Company are fully paid.

Other contributed capital consists of an unconditional shareholders' contribution of KSEK 325 000 (325 000) from the shareholders in connection with the acquisition of the Swedish Electromagnet Holding AB Group.

Reserves of KSEK 8 805 (3 896) consists of exchange differences occurring from the translation of foreign operations in another currency than the functional currency of the Group (SEK).

Retained earnings including profit/loss for the year of KSEK 23 866 (14 798) consists of accumulated profits and the revaluation of defined benefit plans.

23. Borrowing

	31 st Dec 2022	31 st Dec 2021
Non-current		
Bond loan	-	-
Leasing liability	25 128	36 995
Total	25 128	36 995
Current		
Bond loan	336 250	334 236
Credit facility	11 416	11 853
Leasing liability	13 513	14 775
Total	361 179	360 864

Bond loan

The company has issued a senior secured bond, ISIN SE0011167600 (the "Bond"), with a nominal value of SEK 350 million. The bond runs, after extension, until May 10, 2023 and has been considered short-term debt since the annual accounts in 2021. The bond runs with a variable interest rate of Stibor 3 months plus 7.50 percent.

In accordance with the terms of the bond, certain requirements (covenants) must be met when new loans are taken out, in the event of acquisitions and in connection with dividends. The terms of the Bond include a number of obligations, such as a ban on taking out new loans, granting loans, pledging collateral, an undertaking that the working capital facility, during a certain period, must be

unused, restrictions on disposals and transfers of cash. In connection with the Bond, certain assets have been pledged as collateral, which includes shares in subsidiaries and internal loans.

During the third quarter of 2021, bonds with a nominal value of SEK 13,750,000 have been repurchased.

Funding and liquidity

The group's bond loan matured in December 2022. On April 26, the management and the board reached an agreement with the bondholders on an extension of the bond loan until June 30, 2026. The agreement means that the bond terms are changed and, among other things, a lower interest rate is introduced for ten quarters at the same time as mandatory repayments of the loan must be implemented. The agreement means that sufficient funding for the continued operation is now available and that the company can continue according to the going concern principle.

	Carrying amount 31 st Dec 2022	Fair value 31 st Dec 2022	Carrying amount 31 st Dec 2021	Fair value 31 st Dec 2021
Bond loan	336 250	323 641	334 236	332 047

The fair value of the bond loan has been valued at level 1 of the fair value hierarchy, ie the quoted market price per 2022-12-31.

24. Leasing

Reported amount in Balance Sheet regarding leasing debt	31 st Dec 2022	31 st Dec 2021
Right-of-use assets		
Machinery	14 896	22 141
Premises and cars*	21 462	27 345
Total	36 359	49 486
Leasing debt		
Long-term leasing debt	25 128	36 995
Short-term leasing debt	13 513	14 775
Total	38 641	51 770

Additional right-of-use assets during 2022 amount to thousands 1 531 (22 966) SEK.

The leasing agreements runs between 2 – 6 years but options to extend or terminate agreements exists.

As of December 31, 2022, potential future cash outflows during the option period of SEK 996 (888) thousand had not been included in the leasing debt, as extensions of options take place during Q1 each year when all index increases also occur.

Below amounts considering leasing agreements is included in the statement of comprehensive income:

	2022	2021
Depreciation right-of-use assets		
Machinery	8 048	8 862
Premises and cars*	6 907	6 734
Total	14 955	15 596
<i>Financial costs</i>		
Interest cost leasing debt	1 409	1 753
Total	1 409	1 753

Fees regarding leasing agreements for which the underlying asset is of low value and not classified as short-term including with KSEK 103 (149) in administrative expenses in the total comprehensive income for the period.

Contracted investments regarding right-of-use assets at the end of the reporting period that have not yet been reported in the financial reports amount to 522 (953) KSEK. The investment concerns a compressor for the factory in Åmål. The contract is expected to start in the first half of 2023.

Total cash flow from leasing agreements during 2022 amounts to thousands 15 813 (16 116) SEK.

Maturity analysis for leasing liabilities is presented in Note 3.1.

*Cars consist of only a few leasing cars, which is why they make up a small proportion of both the rights of use and the depreciation of the rights of use.

25. Provisions for pensions and similar obligations

The Group has an unfunded, defined benefit plan in Sweden which is closed for future vesting of pensions. The defined benefit plan is based on final salary, which gives employees covered by the plan benefits in the form of a guaranteed level of the pension payments during their lifetime. The level of the benefit is dependent on the employee's years of service and salary at pension.

The amounts recognized in the statement of financial position and changes in the defined benefit plan for the year, are as follows.

	Present value of the obligation
Starting balance	4 203
Cost of service in the current year	-
Cost of service in previous years	-
Interest expenses/(income)	31
Total	4 234
Revaluations:	
- (Profit)/loss resulting from changed financial assumptions	-672
- (Profit)/loss resulting from experience-based adjustments	-121
Total recognized in other comprehensive income	-793
Fees from:	
- The employer	-
- Employees covered by the plan	-
Payments from the plan	-305
31st of December 2022	3 137

The most significant actuarial assumptions were as follows:	2022-12-31
Discount rate	3,60%
Inflation	2,00%

Assumptions regarding life expectancy is based on official statistics and experience from mortality investigations in Sweden and are set in cooperation with actuarial experts.

The sensitivity of the defined benefit plan regarding changes in the weighted significant assumptions are:

	Impact on the defined benefit obligation		
	Changes in assumptions	Increase in assumptions	Decrease in assumptions
	2022-12-31	2022-12-31	2022-12-31
Discount rate	+/-0,5%	Decrease of 3,6%	Increase of 3,9%
Inflation	+/-0,5%	Increase of 3,9%	Decrease of 3,7%
Life expectancy	+/- 1 år	Increase of 3,4%	Decrease of 3,4%

The above sensitivity analyses are based on a change in one assumption, while all other assumptions are held constant. In reality, this is unlikely to happen, and changes in some of the assumptions might be correlated. In the calculation of the sensitivity of the defined benefit obligation of significant actuarial assumptions, the same method is applied (the present value of the defined benefit obligation with the application of the projected unit credit method at the end of the reporting period) which, at the calculation of the pension liability, is recognized in the statement of financial position.

Weighted average term for the pension obligation amounts to 8 (9) years.

26. Other provisions

	Warranty commitments	Total
Opening balance 1 st January 2022	950	950
Change during the year*	-	-
Closing balance 31 st December 2022	950	950

*The Group's provision to repair or replace erroneous products in accordance with normal warranty regulations is recognized as a provision.

27. Deferred tax

Deferred tax assets mainly pertain to other temporary differences and intangible assets related to acquisitions and amount to KSEK 68 605 (61 584) at the 31st December 2022 and are expected to be after 12 months. Net profit/loss change amounts to KSEK -2 979 (-1 463).

Gross changes in deferred tax liabilities during the year, without consideration taken to off settings made within the same fiscal jurisdiction, is presented below:

Deferred tax liabilities	Group surplus value of intangible assets	Deferred tax on untaxed reserves	Other	Total
Starting balance 2021	60 803	1 830	414	63 047
Recognized in the statement of comprehensive income	-1 740	-381	571	-1 550
Recognised in other comprehensive income	-	-	-	-
Reclassification from deferred tax liability	-	-	-	-
Exchange differences	-	-	87	87
31-dec-21	59 063	1 449	1 072	61 584

Deferred tax liabilities	Group surplus value of intangible assets	Deferred tax on untaxed reserves	Other	Total
Starting balance 2022	59 063	1 449	1 072	61 584
Recognized in the statement of comprehensive income	-1 740	173	-1 493	-3 060
Recognised in other comprehensive income	-	-	-	-
Reclassification from deferred tax liability	-	-	-	-
Exchange differences	-	-	81	81
31-dec-22	57 323	1 622	340	58 605

28. Current financial liabilities

	31st Dec 2022	31st Dec 2021
Credit facility (Limit 30 MSEK)	11 416	11 853
Total	11 416	11 853

29. Other current liabilities

	31st Dec 2022	31st Dec 2021
Personnel tax	1 512	1 730
Salary tax and social security contributions	3 264	3 027
Other items	12 016	2 264
Total	16 792	7 021

30. Invoiced income - not yet accrued

	31st Dec 2022	31st Dec 2021
Advanced payment from customer concerning development project	2 420	2 336
Total	2 420	2 336

Income will be reported during the first half of 2022.

31. Accrued expenses and deferred income

	31 st Dec 2022	31st Dec 2021
Accrued payroll	3 150	3 083
Accrued holiday pay	8 643	7 652
Accrued social security contributions	2 824	2 515
Accrued interest rate bond loan	1 846	1 531
Other items	3 756	4 814
Total	20 219	19 595

32. Pledged collateral

	31 st Dec 2022	31 st Dec 2021
Amounts recognized for assets pledged as collateral		
<i>Regarding provisions for pensions and similar obligations</i>		
Chattel mortgages	8 000	8 000
<i>Regarding liabilities to credit institutions</i>		
Chattel mortgages	50 000	50 000
<i>Regarding bond loan</i>		
Shares in subsidiaries	420 893	420 893
<i>Leasing</i>		
Plant and machinery	15 115	22 892

33. Related-party transactions

Swedish Electromagnet Invest AB (publ) is majority owned by Procuritas Capital Investors V, L.P., headquartered in Guernsey. Swedish Electromagnet Invest AB (publ) is the largest Group in which consolidated accounts are prepared. Related parties are all subsidiaries within the Groups as well as senior executives and their associates. Sales are performed between the Group's subsidiaries. Information of the Board of Directors and senior executives as well as remuneration for these are found in Note 10 Employee benefits. For disclosures of the Parent Company's transactions with related parties, please refer to Note 48 Related under the Parent Company.

34. Changes in Liabilities attributable to financing activities

2021	Starting balance	Cash inflow	Cash out-flow	Items not affecting cash flow	Affect from transition to IFRS16	31 st Dec 2021
Bond loan	345 666	-	-13 750	2 320	-	334 236
Credit facility	-	11 853	-	-	-	11 853
Non-current leasing liability	30 024	-	-13 457	20 428	-	36 995
Current leasing liability	14 206	-	-906	1 475	-	14 775
Total	389 896	11 853	-28 113	24 223	-	397 859

2022	Starting balance	Cash inflow	Cash out-flow	Items not affecting cash flow	Affect from transition to IFRS16	31 st Dec 2022
Bond loan	334 236	-	-	2 014	-	336 250
Credit facility	11 853	-	-437	-	-	11 416
Non-current leasing liability	36 995	-	-12 680	813	-	25 128
Current leasing liability	14 775	-	-1 724	4662	-	13 513
Total	397 859	-	-14 841	3 289	-	386 307

35. Events after the end of the reporting period

After the end of the reporting period, the board and management continued the process to refinance the business. SEM has initiated two written procedures to extend the term of the bond after the end of the accounting period and has received approval for the extension.

The management and the board have now, as of April 26, reached an agreement with the bondholders on an extension of the bond loan until June 30, 2026. The agreement means that the bond terms are changed and, among other things, a lower interest rate is introduced for ten quarters, while mandatory amortization of the loan must be carried out. The agreement means that sufficient funding for the continued operation is now available and that the company can continue according to the going concern principle.

Parent Company financial statements

PARENT COMPANY INCOME STATEMENT

Amounts in KSEK	Note	Financial year	Financial year
		1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Net sales	48	11 040	11 040
Gross profit		11 040	11 040
Administrative expenses	37	-8 729	-1 300
Operating profit (loss)		2 311	9 740
Profit (loss) from financial items			
Other financial income		1 293	
Financial expenses	38	-30 943	-28 902
Net financial items		-29 650	-28 902
Profit (loss) after financial items		-27 339	-19 161
Group contribution	48	48 500	44 225
Profit (loss) before tax		21 161	25 064
Tax for the period	39	-7 790	-7 320
Net result for the period		13 371	17 744

In the Parent Company, there are no items recognized as other comprehensive income, why the total comprehensive income for the year corresponds to profit/loss for the year.

The notes on pages 48 to 54 constitute an integrated part of the Parent Company accounts.

PARENT COMPANY BALANCE SHEET

Amounts in KSEK	Note	31 st Dec 2022	31 st Dec 2021
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participation in Group companies	40	420 893	420 893
Total financial assets		420 893	420 893
Total non-current assets		420 893	420 893
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	48	291 062	268 493
Current tax asset		5 375	5 375
Prepaid expenses and accrued income	41	1 401	3 617
Total current assets		297 838	277 485
Cash and bank balances	42	139	267
Total current assets		297 977	277 752
TOTAL ASSETS		718 870	698 645

The notes on pages 48 to 54 constitute an integrated part of the Parent Company accounts.

PARENT COMPANY BALANCE SHEET

KSEK	Note	31 st Dec 2022	31 st Dec 2021
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		500	500
Non-restricted equity			
Retained earnings	50	327 931	327 931
Profit/(loss) for the period	50	13 371	17 744
Total equity		359 546	346 175
UNTAXED RESERVS			
Accrued fund		4 143	4 143
Total untaxed reservs		4 143	4 143
LIABILITIES			
Non-current liabilities			
Bond loan	43	-	-
Total non-current liabilities		-	-
Current liabilities			
Bond loan	43	336 250	334 236
Trade payables		114	141
Liabilities to Group companies		6 019	
Current tax liabilities		9 273	11 231
Other liabilities	44	827	838
Accrued expenses and prepaid income	45	2 698	1 881
Total current liabilities		355 181	348 327
Total liabilities		355 181	348 327
TOTAL EQUITY AND LIABILITIES		718 870	698 645

The notes on pages 48 to 54 constitute an integrated part of the Parent Company accounts.

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Restricted equity	Non-restricted equity			Total equity
	Share capital	Other contributed capital	Retained earnings	Profit for the year	
FY2021					
Opening balance at 1st December 2021	500	325 000	6 502	-3 571	328 431
Disposition of result according to the Annual General Meeting			-3 571	3 571	0
Profit/loss for the year and comprehensive income	-	-	-	17 744	17 744
Closing balance at 31st December 2021	500	325 000	2 931	17 744	346 175
FY2022					
Opening balance at 1st December 2022	500	325 000	2 931	17 744	346 175
Disposition of result according to the Annual General Meeting	-	-	17 744	-17 744	0
Profit/loss for the year and comprehensive income				13 371	-
Closing balance at 31st December 2022	500	325 000	20 675	13 371	359 546

The notes on pages 48 to 54 constitute an integrated part of the Parent Company accounts.

PARENT COMPANY CASH FLOW STATEMENT

Amounts in KSEK	Not	Financial year	Financial year
		1 st Jan 2022 – 31 st Dec 2022	1 st Jan 2021 – 31 st Dec 2021
Cash flow from operating activities			
Operating profit (loss)		2 311	9 740
Interest paid		-28 614	-26 694
Income taxes paid		-9 749	-10 933
Cash flow from operating activities before changes in working capital		-36 052	-27 887
Cash flow before changes in working capital			
Increase/decrease of other current receivables		-19 060	-2 574
Increase/decrease of trade payables		-27	31
Increase/decrease of other current payables		6 511	-254
Total changes in working capital		-12 576	-2 797
Cash flow from operating activities		-48 628	-30 684
Cash flow from investing activities			
Investment in property, plant and equipment		-	-
Cash flow from investing activities		0	0
Cash flow from financing activities			
Increase/decrease short-term debt			112
Repurchase bond			-13 750
Repayment of financial leasing debt	48	48 500	44 225
Cash flow from financing activities		48 500	30 587
Decrease/increase of cash and cash equivalents			
Opening cash and cash equivalents	42	267	363
Net cash flow during the period	42	-128	-97
Closing cash and cash equivalents		139	267

The notes on pages 48 to 54 constitute an integrated part of the Parent Company accounts.

36. Parent Company accounting policies

The most significant accounting policies that were applied in the preparation of these annual accounts are presented below. These policies have been applied consequently for all financial years presented, unless otherwise stated.

The Annual Report for the Parent Company was prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. If the Parent Company applies other accounting policies than the Group's account policies these are presented below.

The annual accounts have been prepared in accordance with the acquisition cost method.

The preparation of annual accounts in accordance with IFRS requires that qualified estimates and assessments be used for accounting purposes. Furthermore, company management exercises its judgement in the application of the Group's accounting policies. Areas that comprise a high level of assessments, that are complex, or areas where estimates and assessments are significant for the consolidated financial statements, are presented in Note 4 of the consolidated accounts.

The Parent Company is, through its operations, exposed to a number of different financial risks: market risk (currency risk and interest rate risk), credit risk and liquidity risk. The overall risk management policy of the Parent Company is focused on the unpredictability of the financial markets and strive to minimize potential negative effects on the Group's performance. For more information on financial risks, please refer to the consolidated financial accounts, Note 3.

The Parent Company applies different accounting policies than the Group in the cases presented below:

36.1 Formats

The income statement and balance sheet are in accordance with the format of the Annual Accounts Act. Statement of changes in equity is in accordance with the Group's format but should contain the columns stipulated in the Annual Accounts Act. Further, this entails differences in terms, mainly regarding financial income and costs and equity.

36.2 Participations in subsidiaries

Participations in subsidiaries are recognized at cost, adjusted for any impairment. In cost are included acquisition related costs and any additional purchase price.

Whenever there is an indication that participations in subsidiaries have decreased in value, a calculation of the recoverable amount is performed. If this is lower than the carrying value, an impairment is made. Impairment is recognized in the item "Performance from participation in Group companies".

36.3 Shareholders' contributions and Group contributions

Group contributions from Parent Company to subsidiaries and Group contributions received by the Parent Company from a subsidiary are recognized as appropriations. The shareholders' contribution paid is recognized in the Parent Company as an increase of carrying value of the participation, and in the receiving company as an increase of equity.

36.4 Financial instruments

IFRS 9 is not applied in the Parent Company. Instead, the Parent Company applies the points in RFR 2 (IFRS 9 Financial instruments, p. 3-10).

Financial instruments are valued based on cost. In subsequent periods, financial assets acquired as short-term investments will be recognized in accordance with the principle of the lowest value, to the lowest of cost and market value. Derivate instruments with negative fair values are reported at this value.

At the calculation of the net sales value of receivables reported as current assets, the principles for impairment tests and provisions for bad debts in IFRS 9 should be applied. For an asset recognized at amortized cost at consolidated level, this implies that the provision for bad debts recognized in the consolidated financial statements should also be recognized in the Parent Company.

37. Employee benefits, etc.

Salaries and other remuneration and social security expenses

	1 st Jan 2022 - 31 st Dec 2022	1 st Jan 2021 - 31 st Dec 2021
Salaries and other remuneration	700	700
Social security contributions	71	71
Total employee benefits	771	771

Board members have received salaries and social security expenses, according to above.

Average number of employees

	1 st Jan 2022 - 31 st Dec 2022 Number on the balance sheet day	1 st Jan 2021 - 31 st Dec 2021 Number on the balance sheet day
Women	-	-
Men	2	2
Total	2	2

Members of the Board and senior executives

	1 st Jan 2022 - 31 st Dec 2022		1 st Jan 2021 - 31 st Dec 2021	
	Number on the balance sheet date	Of which men	Number on the balance sheet date	Of which men
Board members	5	4	5	4
President and other senior executives	1	0	1	0
Total	6	4	6	4

During the year, the President have not received salaries or other remuneration.

38. Interest income and similar profit/loss items and interest expenses and similar items

	1 st Jan 2022 - 31 st Dec 2022	1 st Jan 2021 - 31 st Dec 2021
Interest expenses, external	-28 929	-26 694
Other financial expenses	-2 014	-2208
Total interest expenses and similar profit/loss items	-30 943	-28 902
Total financial items – net	-30 943	-28 902

39. Tax on profit for the year

Recognized tax in the income statement	1 st Jan 2022 - 31 st Dec 2022	1 st Jan 2021 - 31 st Dec 2021
Current tax:	-7 790	-7 320
Tax on profit for the year	-7 790	-7 320

	1 st Jan 2022 - 31 st Dec 2022		1 st Jan 2021 - 31 st Dec 2021	
	Profit/loss	Tax, %	Profit/loss	Tax, %
Profit before tax	21 161		25 064	
Theoretical tax rate	-4 359	20,6	-5 163	20,6
Tax effects from:				
Non-deductible items	-6	0,0	-11	0,0
Change in valuation of deferred tax	-2 961	8,5	-2 142	8,5
Tax effect of flat-rate interest on accrual	-4	0,0	-4	
Tax previous years	-459,2	-	-	-
Income tax	-7 790	29,2	-7 320	29,2

Measurement of deferred tax assets in connection with loss carry forwards - interest deduction

Following the introduction of the new rules on interest deduction limitations in Sweden, the Group recorded a non-deductible interest. This non-deductible interest means a changed tax expense in 2022 of 3,4 (2,1) SEK million for the Group. There is a future possible tax credit on the same amount. Given that there are time constraints in the possibility of utilizing the future tax credit, the Group has, for prudence, chosen not to record the future tax credit but will be taking the positive tax effects at the rate that the tax credit is utilized. The tax cost during the fourth quarter of 2022 is affected by the group's interpretation of the Swedish Tax Authority's position, November 2022, "I vilka situationer kan utgifter till annan part än långivaren räknas som ränteutgifter? (dnr: 8-192565), concerning interest costs of SEK 0,9 MSEK. For further analysis of taxes, please refer to Note 27.

40. Participations in subsidiaries

Name	Corporate Identity Number	Domicile and place of business	Number of shares	Carrying amount
Directly owned				
Swedish Electromagnet Holding AB	559060-1000	Stockholm, Sweden	2 000 000	420 893
Total directly owned			2 000 000	420 893
Indirectly owned				
SEM AB	556023-5748	Åmål, Sweden	24 090	218 223
SEM Technology Suzhou Co. Ltd	320500400019506	Suzhou, China	1	21 924
SEM Technology Inc.	830525273	Indianapolis, US	1 000	92
Senfusion AB	556823-8454	Åmål, Sweden	1 334	-
Total indirectly owned			2 335	240 239

All companies are a 100% owned. Share of capital corresponds to share of votes.

	31 st Dec 2022	31 st Dec 2021
Opening balance	420 893	420 893
Acquisitions for the year	-	-
Closing balance	420 893	420 893

41. Prepaid expenses and accrued income

	31 st Dec 2022	31 st Dec 2021
Prepaid insurance	58	48
Other items	1 343	3 569
Total	1 401	3 617

42. Cash and bank balances

Correspond to cash and cash equivalents in the cash-flow statement.

	31 st Dec 2022	31 st Dec 2021
Bank balances	139	267
Total	139	267

43. Borrowing

	31 st Dec 2022	31 st Dec 2021
Non-current		
Bond loan	-	-
Total	-	-

Current		
Bond loan	336 250	334 236
Liabilities to Group companies	6 019	
Total	342 269	334 236

Bond loan

The company has issued a senior secured bond, ISIN SE0011167600 (the "Bond"), with a nominal value of SEK 350 million. The bond runs, after extension, until May 10, 2023 and has been considered short-term debt since the annual accounts in 2021. The bond runs with a variable interest rate of Stibor 3 months plus 7.50 percent.

In accordance with the terms of the bond, certain requirements (covenants) must be met when new loans are taken out, in the event of acquisitions and in connection with dividends. The terms of the Bond include a number of obligations, such as a ban on taking out new loans, granting loans, pledging collateral, an undertaking that the working capital facility, during a certain period, must be

unused, restrictions on disposals and transfers of cash. In connection with the Bond, certain assets have been pledged as collateral, which includes shares in subsidiaries and internal loans.

During the third quarter of 2021, bonds with a nominal value of SEK 13,750,000 have been repurchased.

Funding and liquidity

The group's bond loan matured in December 2022. On April 26, the management and the board reached an agreement with the bondholders on an extension of the bond loan until June 30, 2026. The agreement means that the bond terms are changed and, among other things, a lower interest rate is introduced for ten quarters at the same time as mandatory repayments of the loan must be implemented. The agreement means that sufficient funding for the continued operation is now available and that the company can continue according to the going concern principle.

	Carrying amount 31 st Dec 2022	Fair value 31 st Dec 2022	Carrying amount 31 st Dec 2021	Fair value 31 st Dec 2021
Bond loan	336 250	323 641	334 236	332 047

The fair value of the bond loan has been valued at level 1 of the fair value hierarchy, i.e., the quoted market price per 2022-12-31.

44. Other current liabilities

	31 st Dec 2022	31 st Dec 2021
VAT payable	616	627
Personnel tax	175	175
Salary tax and social security contributions	36	36
Total	827	838

45. Accrued expenses and deferred income

	31 st Dec 2022	31 st Dec 2021
Accrued interest bond loan	1 846	1 531
Other items	852	350
Total	2 698	1 881

46. Deferred tax

Deferred tax assets are reported for tax loss deductions or other deductions to the extent that it is likely that they can be utilized through future taxable profits. The parent company reported no deferred tax assets in 2021 and 2022.

47. Pledged collateral

	31 st Dec 2022	31 st Dec 2021
<i>For own liabilities</i>		
Shares in subsidiaries	420 893	420 893
Intra-Group loan	246 476	242 957
Total	667 369	663 850

48. Related-party transactions

Swedish Electromagnet Invest AB (publ) (the "Company"), is majority owned by Procuritas Capital Investors V, L.P. headquartered in Guernsey. Swedish Electromagnet Invest AB (publ) is the largest Group in which consolidated accounts are prepared. Related parties are all subsidiaries within the Groups as well as senior executives and their associates.

The following related-party transactions have been performed:	2022	2021
(a) Sales of services		
- Administration services from the Parent Company	11 040	11 040
Total	11 040	11 040
(a) Purchase of services		
- Purchase of services from companies controlled by senior executives	24	17
Total	24	17

Services are purchased and sold to related parties at normal commercial terms and adhere to the following transfer pricing policy.

Receivables and liabilities at year-end as a result of sales and purchases of goods and services

	2022-12-31	2021-12-31
Receivables from related parties:		
Management fee	1 150	1 150
Liabilities to related parties		
Current liability	-	-
At year-end	1 150	1 150

Loans to related parties

	2022-12-31	2021-12-31
Loan to Swedish Electromagnet Holding AB		
Starting balance	242 957	246 457
Amortization	-	-3 500
Reclass to debt to group companies	3 519	-
Ending balance	246 476	242 957
Loan to SEM AB		
Starting balance	24 386	18 361
Amounts repaid	-28 300	-18 361
Loans raised during the year (group contribution, given, not paid)	48 500	24 386
Ending balance	44 586	24 386
Total at year-end	291 062	267 343

<i>Loan from related parties</i>	31-dec-2022	31-dec-2021
<i>Loan from Swedish Electromagnet Holding AB</i>		
Starting balance	-	-
Reclassification from loan, group	-3 519	-
New debt	-2 500	-
UB	-6 019	-
Total at year-end	-6 019	-

The Group had no provisions for bad debts attributable to related parties. Neither has the Group recognized any expenses for bad debts from related parties during the period. No assets have been pledged for the receivables.

Liabilities to related parties are mainly attributable to the settlement of loans in the subsidiaries in connection with new financing.

49. Changes in liabilities related to financing activities

	1 st January 2021	Cash inflow	Cash outflow	Capitalized interest	Recognized part of acquisition cost	31 st December 2021
Bond loan	345 666	-	-13 750	-	2 208	334 236
Total:	345 666	-	-13 750	-	2 208	334 236

	1 st January 2022	Cash inflow	Cash outflow	Capitalized interest	Recognized part of acquisition cost	31 st December 2022
Bond loan	334 236	-	-	-	2 208	336 250
Total:	334 236	-	-	-	2 208	336 250

50. Proposed appropriation of profits

The following profits are at the disposal of the Annual General Meeting:

Retained earnings	345 675
Profit for the year	13 371
KSEK	359 046

The Board of Directors proposes that the available profits be carried forward as follows:

KSEK	359 046
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The consolidated income statement and balance sheet will be presented to the Annual General Meeting for adoption on 2023-05-26.

51. Events after the end of the reporting period

After the end of the reporting period, the board and management continued the process to refinance the business. SEM has initiated two written procedures to extend the term of the bond after the end of the accounting period and has received approval for the extension.

The management and the board have now, as of April 26, reached an agreement with the bondholders on an extension of the bond loan until June 30, 2026. The agreement means that the bond terms are changed and, among other things, a lower interest rate is introduced for ten quarters, while mandatory amortization of the loan must be carried out. The agreement means that sufficient funding for the continued operation is now available and that the company can continue according to the going concern principle.

Definitions

Alternative performance measures

Alternative performance measures (APM) are financial measures that are not defined in the applicable financial reporting framework (IFRS) and are presented outside the financial statements.

APMs are used by SEM Invest when relevant to assess and describe the financial situation and provide additional relevant information and tools to enable analysis of SEM Invest's performance. The Company believes that these key ratios are useful for readers of the financial statements as a complement to other key performance indicators to assess the SEM Invest's financial position and profitability. APMs can be defined in different ways by other companies and, therefore, may not be comparable with similar measures used by other companies.

Cost of goods sold

Including Direct Material, Direct Labor, Production Overhead, Differences vs standard costs such as price and production variances and changes in inventory.

EBITDA

Profit before interest, tax, depreciation and amortization.

EBITDA (adj) Profit before interest, tax, depreciation and amortization, adjusted for non-recurring item. The adjustments performed are cost and income of a non-recurring item, for which, according to the terms and conditions of the bond, EBITDA should be adjusted ¹.

Net debt Net interest-bearing debt according to the terms and conditions of the bond including financial indebtedness such as the bond loan and leasing accounted for in accordance with IAS 17 (excluding leasing accounted for in accordance with IFRS 16 since the accounting principle were not applicable on the date of the issue of the bond but first applicable as of 1st January 2019) less cash and cash equivalents.

According to the bond terms, net debt is not including any pension liability.

Net debt in relation to adjusted EBITDA Net interest-bearing debt in relation to adjusted EBITDA. The adjustments performed are cost and income of a non-recurring item, for which, according to the terms and conditions of the bond, EBITDA should be adjusted ¹.

Return on equity

Profit before tax (EBT) attributable to shareholders in relation to average shareholders' equity. (Average year-to-date, calculated on quarter-end figures.)

Return on total assets Operating result (EBIT) attributable to shareholders, in relation to average total assets. (Average year-to-date, calculated on quarter-end figures.)

Equity/assets ratio Equity as a percentage of the sum of shareholders' equity and liabilities.

¹ Adjustments include non-recurring figures to enable better comparison of underlying development in the business.

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with the international accounting standards IFRS, as endorsed by the EU and present a fair view of the Group's position and profit/loss. The annual accounts have been prepared in accordance with Swedish GAAP and present a fair view of the Parent Company's position and profit/loss.

The Administration Report of the Group and the Parent Company present a fair view of the development of the operations, position and performance of the Group and the Parent Company and describes significant risks and uncertainties to which the Parent Company and the companies in the Group are exposed.

Stockholm 2023-04-28

Halvar Jonzon
Chairman of the Board

Hans Wikse
Board member

Hasse Johansson
Board member

Henri Peltomäki
Board member

Christina Hallin
Board member
/ Chief Executive Officer

Our auditor's report was submitted on 28th April 2023
Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant

Auditor's report

Unofficial translation

To the general meeting of the shareholders of Swedish Electromagnet Invest AB (publ), corporate identity number 559153-6510

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Swedish Electromagnet Invest AB (publ) for the year 2022 except for the corporate governance statement on pages 6 - 10.

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 parent company and the group as of 31 December 2022 and its financial performance and cash flow 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 as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 6 - 10. 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 statement of comprehensive income and balance sheet for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

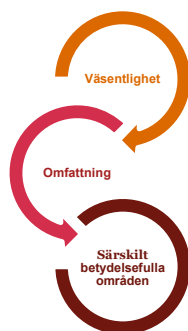
Basis for Opinions

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. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach

Overview



- Group materiality 3,5 MSEK, calculated as 1 % of Net Turnover.

- Intangible assets
Focus on valuation of Intangible Assets



Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall Group Materiality</i>	3,5 MSEK (previous year 3,75 MSEK)
<i>Basis for Calculation</i>	1 % of Group Net Turnover
<i>Selection of Basis for Calculation</i>	Net Turnover was our basis for calculation due to the Business of the Group and since it is a commonly used Basis for calculation. The level of 1 % of Net Turnover is a quantitative threshold in accordance with generally accepted audit standards.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

<i>Key Audit Matters</i>	<i>Our audit of Key Audit Matters</i>
<i>Intangible assets (note 2, 4, 14, 36 and 40)</i> <p>Goodwill, customer relations and brands and participations in Group companies are reported at MSEK 535 in the consolidated balance sheet and to MSEK 421 in the Parent Company's balance sheet as of December 31, 2022. The valuation and accounting of these assets constituted a particularly important area in our audit in the light of the materiality of the amounts in relation to the financial position of the Group and the parent company.</p> <p>The valuation perspective regarding goodwill, brand as well as customer relations and participations in group companies is aimed at a possible impairment requirement. In cases where there are indications of impairment, the book value is tested against the estimated recoverable amount of the assets. An impairment loss is recognized when the carrying amount of an asset permanently exceeds the recoverable amount.</p>	<p>As far as impairment tests are concerned, we have evaluated the business's calculation models and the reasonableness of the assumptions made. We have reviewed the process for identifying cash-generating units against established criteria and compared this with management's follow-up of operations to verify that they are in alignment. With regards to the assumptions made, we have compared these with similar objects and general financial information to form an idea of the appropriateness of the assumptions. We have followed previous year's forecasts and assessed how well the business has been able to predict the development and adjusted our review based on the outcome of this.</p> <p>We have also mathematically tested the company's valuation model and conducted sensitivity analyzes of key variables. We have evaluated the accounting principles and the associated information provided on material assumptions and sensitivity analyzes in the annual report and find these appropriate.</p>



The recoverable amount is determined by calculating the value in use for each cash-generating unit and is the present value of the future cash flows for the unit. The calculation of the recoverable value contains several assumptions and assessments, among other things, regarding the discount rate applied and the size of future cash flows. As shown in Note 14 in the annual report, the Group conducted write-down tests in 2022 regarding classified items and participations in group companies. The impairment tests showed that there was no need for impairment.

We have also assessed whether the information provided in the annual report gives a true and fair view of the Group's work on impairment tests.

Responsibilities of the Board of Director's 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 and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. 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's and the 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 intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Board's Audit Committee shall, without prejudice to the Board's responsibilities and duties in other respects, monitor, among other things, the company's financial reporting.

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 Revisorsinspektionen's 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 Director's and the Managing Director of Swedish Electromagnet Invest AB (publ) for the year 2022 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 Director's 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 Director's 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's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the 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 Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Swedish Electromagnet Invest AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Swedish Electromagnet Invest AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to form an opinion with reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The reasonable assurance engagement involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The reasonable assurance engagement also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, statement of financial position, statement of changes in equity and the statement of cash flow.



The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 6 - 10 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially 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 opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act/ the Annual Accounts Act for Credit Institutions and Securities Companies/ the Annual Accounts Act for Insurance Companies.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 21 Stockholm, Sweden, was appointed auditor of Swedish Electromagnet Invest AB (publ) by the general meeting of the shareholders on the 18th of May 2022 and has been the company's auditor since the 3rd of May 2018.

Stockholm 28 April 2023

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant