

# Swedish Electromagnet Invest AB (publ.)

## 559153-6510

## Interim Report

## January – March 2023



### Group overview

The Swedish Electromagnet Invest AB (publ) Group <sup>1</sup>, SEM Invest, is a leading supplier of highly engineered mission critical powertrain components for heavy duty commercial vehicles ("HDCV"). Core product segments includes 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 group sells its products worldwide and customers include well known OEM's, Tier 1 and Tier 2 suppliers to the industry.

<sup>1</sup> Swedish Electromagnet Invest AB (publ) Group is the ultimate Parent Company and serves as a holding company for the intermediary holding company Swedish Electromagnet Holding AB Group containing of SEM AB in Sweden, SEM Technology (Suzhou) Co., Ltd in China, SEM Technology Inc. in USA, Senfusion AB in Sweden and the branch SEM Technology Central Europe AB Zweigniederlassung Freiburg, Tyskland.

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## Reporting period, first quarter, January - March 2023

- Net sales amounted to 92 776 (96 496) KSEK.
- The operating profit/loss amounted to 6 234 (5 853) KSEK.
- The cash flow from operating activities amounted to 154 (-20 306) KSEK.

## Development in the first quarter 2023

All amounts are stated in thousand SEK (KSEK) unless stated otherwise.

The figures below are equivalent to the operations in SEM Invest Group the first quarter.

## Key figures and ratios

KSEK	Jan – Mar 2023	Q1 2023	Jan – Mar 2022	Q1 2022
Net sales	92 776	92 776	96 496	96 496
EBITDA	15 287	15 287	15 354	15 354
Adjustment to EBITDA <sup>1)</sup>	1 391	1 391	-	-
EBITDA (adj.) <sup>1)</sup>	16 678	16 678	15 354	15 354
Operating profit	6 234	6 234	5 853	5 853
Net result for the period	-3 289	-3 289	-1 799	-1 799
Net Debt <sup>2)</sup>	320 935	320 935	350 547	350 547
Return on equity <sup>3)</sup> , %	-0,9%	-0,9%	-0,4%	-0,4%
Return on total assets <sup>3)</sup> , %	0,7%	0,7%	0,7%	0,7%
Equity/assets ratio, %	41,2%	41,2%	39,6%	39,6%

<sup>1)</sup> Adjustments include non-recurring figures to enable better comparison of underlying development in the business.

Adjustments during Q1 2023 including 1 391 KSEK in refinancing costs (-). Please see Note 6 for further details.

<sup>2)</sup> End of period. Please see Note 6 for details regarding Net Debt.

<sup>3)</sup> Figures regarding Q1 2023. Please see "Definitions" for further details.

## Comments from the CEO

The year 2023 began with a market situation that was difficult to interpret, with signs pointing both up and down. The underlying market for commercial vehicles continues to be good in Europe and North America and now we also see a strong recovery in China. However, we see that several of our customers have built up large inventories in the uncertain times that have been regarding the supply chain in recent years. This affects the call-offs resulting in reduced need for deliveries.

Sales in Q1 amounted to 92,8 MSEK compared to 96,5 MSEK for quarter 1 2022. Reported EBITDA is the same as quarter 1 2022 15.3 (15.4) MSEK while adjusted EBITDA is 16.7 (15.4) MSEK. The operating profit reaches 6,2 (5,9) MSEK and 6,7 (6,1)%.

The interest in the market for our ignition system solutions installed on internal combustion engines powered by hydrogen is increasing significantly. We have dialogues and demonstrate our systems to potential customers continuously.

During the quarter, we have had intensive discussions regarding new terms for a possible extension of the bond loan that expired on 10 December 2022. On 26 April, we were able to publish that an agreement had been reached. The main features of the agreement are an extension of the bond loan until 30 June 2026, with an initially lower interest rate against a mandatory commitment to repurchase and cancel bonds, as well as an initial capital injection directly upon extension.

Cash flow and liquidity continue to be important to us. Internally, we have a strong focus on reducing our inventory levels, which is complicated by volatile call-off plans from our customers, as high delivery precision is one of our core values. We are also more cautious regarding investments in production equipment, while in product development we continue, to be ambitious to contribute to the transport industry's reduction of CO2 emissions.

Christina Hallin  
CEO

## **Financial overview**

### **Sales and profit first quarter 2023**

Sales in first quarter 2023 totaling SEK 92 776 (96 496) thousand. Adjusted EBITDA totaling SEK 16 678 (15 354) thousand in first quarter.

### **Investments**

In the first quarter 2023, the group made total investments affecting cash flow of SEK 1 917 (8 785) thousand, which mainly referred to investments in the residual value from the lease-financed robot cell and other production equipment for sensors as well as additional production equipment for stationary gas ignition systems at the factory in Åmål.

### **Balance sheet items**

#### **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 the first quarter 2023 of 0,8 (0,5) SEK million. 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. For further analysis of taxes, please refer to the annual report.

#### **Test of impairment of goodwill and trademarks**

The President assesses the operating performance based on the Group as a whole. Goodwill and trademarks are monitored by The President assesses the operating performance based on the Group as a whole.

The assessment is that order intake remains good and the long-term business opportunities remain. Impairment testing is carried out annually and for further information refer to the annual report.

## Cash flow

### KSEK

#### Quarter 1 2023

Cash flow from operating activities 154 (-20 306).

Cash flow from investing activities -1 917 (-8 785).

Cash flow from financing activities -11 063 (-3 267).

**Cash flow for the period -12 826 (-32 358).**

The cash flow from operating activities for quarter 1 2023, 154 (-20 036) KSEK, is affected above all by the operating profit.

The cash flow from investment activities for quarter 1 2023, -1 917 (-8 785) KSEK, which mainly referred to investments in the residual value from the lease-financed robot cell and other production equipment for sensors as well as additional production equipment for stationary gas ignition systems at the factory in Åmål.

The cash flow from financing activities for quarter 1 2023, -11 063 (-3 267) KSEK, is mostly a changed utilization of the overdraft and amortization of leasing debt.

## Cost regarding salaries, social security and pension

The personnel cost for salary, social security and pensions amounted to SEK 28 040 (28 890) thousand during the first quarter 2023. During the first quarter the cost split with SEK 21 940 (22 025) thousand in Sweden, SEK 5 561 (6 390) thousand in China and SEK 540 (475) thousand in USA. At the end of the period the number of fulltime employees (FTE) in the group amounted to in total 188 (205) of which 51% (52%) women and 49% (48%) men.

## Parent Company

The ultimate parent company Swedish Electromagnet Invest AB (publ) ("SEM Invest") was established on 26st March 2018. SEM Invest became operative on 11<sup>st</sup> December 2018 through the acquisition of Swedish Electromagnet Holding AB ("SEH Group").

Swedish Electromagnet Invest AB (publ) is the ultimate Parent Company and serves as a holding company for the intermediary holding company Swedish Electromagnet Holding AB containing of SEM AB in Sweden including the branch SEM Technology Central Europe AB Zweigniederlassung Freiburg i Tyskland , SEM Technology (Suzhou) Co., Ltd in China, SEM Technology Inc. in USA, Senfusion AB in Sweden.

The Parent Company's net result totaled SEK -7 106 (-4 122) thousand in first quarter 2023. The Parent Company's operations include certain group-wide functions regarding management, strategy and financing. Parent Company assets totaled SEK 711 508 (718 870) thousand, mainly consisting of shares in subsidiaries and internal receivables from a short-term loan to Swedish Electromagnet Holding AB.

The Parent Company is mainly financed by a bond issued in 10st of December 2018 to a nominal amount of SEK 350 000 thousand of which 13 750 thousand has been rebought in the third quarter, 2021. The number of shares totaled 2 000 000 as at 31<sup>st</sup> of December 2022. The main shareholder is Procuritas Capital Investors V L.P. with 91,1 % of votes and capital.

## Events after the reporting period

### Funding and liquidity

As can be seen from Note 4, the group's bond loan matured in December 2022. The management and the board have had negotiations with the bondholders and the parties have now agreed on a lease until June 30, 2026, which could be informed about on April 26, 2023.

On May 22, 2023, the company announced, via the press release below, which can also be found on the company's website, [www.sem.se](http://www.sem.se), Magnus Hellström appointed new CEO of SEM companies on August 7, 2023.

#### MAGNUS HELLSTRÖM APPOINTED NEW CEO OF SEM COMPANIES ON AUGUST 7, 2023

The Board of Directors has decided to appoint Magnus Hellström as the new CEO of Swedish Electromagnet Invest AB (publ) and its subsidiaries 7 August 2023. Magnus succeeds Christina Hallin, who leaves the CEO position at her own request. Christina Hallin is planned to be re-elected to the companies' boards of directors even after this year's Annual General Meeting, which takes place on May 26.

Magnus Hellström was born in 1978. He holds a Master of Science in Engineering Physics and Electrical Engineering from Linköping in 2005 and an MBA from Blekinge Institute of Technology in 2020. Magnus joined SEM in 2015 and has been the company's Head of Development and a member of the management team since 2018. Magnus has previously been employed by Bosch and Daimler-Benz in Germany.

Christina Hallin holds a Master of Science in Electrical Engineering from Chalmers University of Technology and has been a board member of SEM since 2016. She has been the company's CEO since January 2021. In addition to the continued board assignments in the SEM companies, Christina is a member of the boards of Bulten AB and Norbit ASA.

The Board wants to express its gratitude to Christina for her contributions during the past years and wishes Magnus the best success in his important assignment as new Managing Director and CEO for SEM.

Åmål 2023-05-22

Halvar Jonzon

Chairman of the Board

For further information, please contact:

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#### About this information

This information is inside information that Swedish Electromagnet Invest AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 14:00 CEST on 22 May 2022.

On April 28, 2023, the company announced, via the press release below, which can also be found on the company's website, [www.sem.se](http://www.sem.se), record date and payment date for the amendment fee for the written procedure under its outstanding bond loan.

## **SEM receives consent from the noteholders in the written procedure for its outstanding bond loan and announces the intention to repurchase bonds**

As announced by Swedish Electromagnet Invest AB (publ) (the "Company" or "SEM") on 26 April 2023 in a press release (the "Press Release"), the written procedure (the "Written Procedure") initiated on 13 April 2023 under the Company's outstanding bond loan with ISIN SE0011167600 (the "Bonds") was successfully concluded whereby, among other things, the maturity of the Bonds was extended until June 2026.

SEM has undertaken in the Written Procedure to pay an amendment fee amounting to one (1.00) per cent. of the nominal amount of the Bonds as per the record date for the payment (being in an aggregate amount of SEK 3,360,000) (the "Amendment Fee") to the holders of Bonds within 20 business days from 26 April 2023.

In accordance with the Press Release, SEM hereby announces that the Amendment Fee will be paid to the holders of Bonds through Euroclear Sweden on 24 May 2023. The payment will be made on a pro rata basis to the holders of Bonds who are registered as a holder on the record date on 16 May 2023. The payment will be made to all holders of Bonds regardless if such holder has participated in the Written Procedure or voted for or against the requests.

### **For further information, please contact the Company:**

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*The information was submitted for publication, through the agency of the contact persons set out above, on 28 April 2023, at 16:00 CEST.*

On April 26, 2023, the company announced, via the press release below, which can also be found on the company's website, [www.sem.se](http://www.sem.se), that they received approval from the bondholders in the written procedure regarding the extension of their outstanding bond loan and the intention to buy back bonds.

## **SEM receives consent from the noteholders in the written procedure for its outstanding bond loan and announces the intention to repurchase bonds**

Swedish Electromagnet Invest AB (publ) (the "Company" or "SEM") initiated on 13 April 2023 a written procedure (the "Written Procedure") under its outstanding bond loan 2018/2023 with ISIN SE0011167600 (the "Bonds"). The Written Procedure was initiated for the purpose of requesting the noteholders' approval to, inter alia, extend the maturity of the Bonds until June 2026 and make certain other amendments to the terms and conditions of the Bonds as described in more detail in the notice of Written Procedure which is available on the Company's web page.

SEM today announces that the Written Procedure has been successfully concluded and that a sufficient number of votes were obtained in order to form a quorum and that approximately 90 per cent. of the adjusted nominal amount for which the noteholders were voting, voted in favour of the proposed amendments in the Written Procedure. Accordingly, the agent, Nordic Trustee & Agency AB (publ), has today concluded the Written Procedure. The terms and conditions of the Bonds have been amended and restated effective from today and reflects the approval of the requests (the "Amended and Restated Terms and Conditions"). The Amended and Restated Terms and Conditions will be available on the Company's web page.

In accordance with the Written Procedure, an amendment fee amounting to one (1.00) per cent. of the nominal amount of the Bonds (being in an aggregate amount of SEK 3,360,000) will be paid to the noteholders within 20 business days from the date the Amended Terms and Conditions entered into effect. Further information about the payment date and the record date for the amendment fee will be announced by SEM in a press release in accordance with the provisions of the Written Procedure.

In accordance with the Amended and Restated Terms and Conditions, SEM shall procure that an equity injection of at least SEK 20 million is made to the Company within 20 business days from the date the Amended Terms and Conditions entered into effect and that SEK 16.64 million of the equity injection primarily shall be used towards buying back Bonds (the "Repurchase Amount") below or at par in the secondary market or in any other way ("Repurchases"). SEM hereby announces that the Company, in accordance with this undertaking, intends to carry out Repurchases in an amount equal to at least the Repurchase Amount subject to prevailing market conditions. Noteholders who want more information or are interested in Repurchases are kindly requested to contact Pareto Securities AB at the following e-mail address or phone number:

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For questions regarding the administration of the Written Procedure, please contact Nordic Trustee & Agency AB (publ) at [voting.sweden@nordictrustee.com](mailto:voting.sweden@nordictrustee.com) or +46 8 783 79 00.

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*This information is information that the Company is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on 26 April 2023, at 17:15 CEST.*



On April 13, 2023, the company announced, via the press release below, which can also be found on the company's website, [www.sem.se](http://www.sem.se), that they have obtained an agreement in principle with the bondholders and are starting a written procedure regarding their outstanding bond loan.

### **SEM has reached an agreement in principle with certain bondholders regarding its outstanding bonds and initiates a written procedure to implement the agreement**

As announced by Swedish Electromagnet Invest AB (publ) (the "Company" or "SEM") in a press release dated 11 November 2022, SEM has negotiated a long-term solution for its financing with certain major holders (the "Ad-Hoc Bondholder Committee") of the outstanding bonds 2018/2023 with ISIN SE0011167600 (the "Bonds"). The Ad-Hoc Bondholder Committee represents 50.6 per cent. of the adjusted nominal amount of the Bonds. SEM announces that the negotiations between SEM and the Ad-Hoc Bondholder Committee in relation to the Bonds have resulted in an agreement in principle regarding certain amendments to the terms and conditions for the Bonds (the "Terms and Conditions"), as summarised below (the "Amendments").

The implementation of the Amendments is subject to the approval of all holders of Bonds and SEM announces that it today will initiate a written procedure (the "Written Procedure") among the holders of the Bonds to request that the holders' approve the Amendments. SEM has instructed Nordic Trustee & Agency AB (publ) (the "Agent"), in its capacity as agent under the Bonds, to send the notice of Written Procedure including voting instructions to the direct registered owners and registered authorised nominees of the Bonds in the Company's debt ledger held with Euroclear Sweden as per 12 April 2023. The outcome of the Written Procedure will be announced by way of press release in connection with the termination of the Written Procedure. The voting record date is 18 April 2023 and the last day for voting in the Written Procedure is 26 April 2023. If the Amendments are approved by the holders of Bonds in the Written Procedure, an amendment fee amounting to SEK 3,360,000 will be paid to the holders of Bonds.

The Amendments are summarised below. All capitalised terms used herein and not otherwise defined shall have the meanings assigned to them in the notice of Written Procedure. For more information regarding the Written Procedure and a more detailed description of the Amendments, please see the notice of Written Procedure on the Company's website and the Agent's website.

- (a) The maturity of the Bonds shall be extended to 30 June 2026;
- (b) all Bonds shall be redeemed on the new maturity date with an amount per Bond equal to 110.00 per cent. of the Nominal Amount together with accrued but unpaid interest;
- (c) the Company shall ensure that the Equity Injection in an amount of at least SEK 20,000,000 is carried out no later than 20 Business Days after the Effective Date, which shall exclusively be used towards paying the Amendment Fee and buying Bonds in the market or, after 3 months following the Equity Injection was made, towards a Mandatory Partial Prepayment;
- (d) the Bonds currently held by the Group shall be cancelled prior to the record date for the Amendment Fee reducing the outstanding Nominal Amount to SEK 336,250,000;
- (e) all Bonds purchased by the Group after the Effective Date shall immediately be cancelled;
- (f) the Bonds shall carry interest per annum with quarterly interest payments in arrears as follows: (i) fixed rate of 3.00 per cent. from but excluding the Interest Payment Date on 30 March 2023 and up to and including the Interest Payment Date falling on 30 March 2024, (ii) fixed rate of 7.00 per cent. from but excluding the Interest Payment Date on 30 March 2024 and up to and including the Interest Payment Date falling on 30 June 2025 and (iii) floating rate of three (3) months STIBOR plus 7.50 per cent. from but excluding the Interest Payment Date falling on 30 June 2025 and up to and including the new maturity date;
- (g) already paid interest in an amount equal to (i) the interest actually paid on 10 March 2023 for the period 1 January 2023 to 10 March 2023 (both included) on a Note less (b) an amount equal to a fixed rate of 3.00 per cent. per annum for that Note for the period 1 January 2023 to 30 March 2023 (both included), shall be deducted from upcoming interest payments;
- (h) the Call Option Amount shall be amended as set out in the notice of Written Procedure;
- (i) the Company may voluntarily partially prepay the Bonds pro rata at one or more occasions in its sole discretion in any amount at a price of 100.00 per cent. of the Nominal Amount plus (i) a premium on the repaid amount as set forth in the Call Option Amount and (ii) any accrued but unpaid interest on the redeemed amounts;
- (j) the Company shall on each Mandatory Partial Prepayment Date partially prepay the Bonds pro rata in an amount equivalent to the relevant Mandatory Partial Prepayment Amount plus any accrued but unpaid interest on the redeemed amounts;
- (k) certain amendments to be made in clause 13.3, paragraph (b) and paragraph (d) of Clause 13.7 and paragraph (b) of Clause 13.9 of the Terms and Conditions as set out in the notice of Written Procedure; and

(I) the Company shall undertake and use its earnest intention to repurchase Bonds in the market, or in any other way, in an amount equal to all excess cash in the Group from time to time, whereby excess cash shall be determined by the board of director (acting reasonably) based on the interest of the holders of Bonds, upcoming mandatory partial prepayments and the financial situation, business operations, investment needs and liquidity situation of the Group. In addition to the Amendments, the Ad-Hoc Bondholder Committee, and any additional holders of Bonds invited by the Ad-Hoc Bondholder Committee, shall, jointly, have the right to appoint up to two board members (one ordinary board member and one deputy board member) or observers to the board of directors (as elected by such bondholder committee) in the Company from time to time (such right to be regulated in a separate agreement between the bondholder committee and Procuritas).

With reference to the undertaking set out in paragraph (I) above, the Company announces that the generated cash as per the end of the financial year 2023 based on the current liquidity forecast model is expected to amount to SEK 10 million.

For questions to the Agent regarding the administration of the Written Procedure, please contact the Agent at voting.sweden@nordictrustee.com or +46 8 783 79 00.

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## **Outlook**

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

## **Significant risks and uncertainties**

The risks and uncertainties that primarily affect the Group have not changed during the period. These risks are described in detail in the annual report for 2022.

## Financial reports

### Condensed consolidated Income Statement

KSEK	1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2023	Q1 2023	1 <sup>st</sup> Jan - 31 <sup>st</sup> Mar 2022	Q1 2022
Net sales	92 776	92 776	96 496	96 496
Cost of goods sold	-62 891	-62 891	-70 139	-70 139
<b>Gross profit</b>	<b>29 885</b>	<b>29 885</b>	<b>26 357</b>	<b>26 357</b>
Selling expenses	-5 416	-5 416	-4 498	-4 498
Administrative expenses	-9 238	-9 238	-7 309	-7 309
Research and development costs	-9 034	-9 034	-9 245	-9 245
Other operating income	37	37	548	548
Other operating expenses	-	-	-	-
<b>Operating profit (loss)</b>	<b>6 234</b>	<b>6 234</b>	<b>5 853</b>	<b>5 853</b>
Financial income	174	174	521	521
Financial expenses	-9 202	-9 202	-7 402	-7 402
Interest expenses from lease liabilities	-299	-299	-388	-388
<b>Net financial items</b>	<b>-9 327</b>	<b>-9 327</b>	<b>-7 269</b>	<b>-7 269</b>
<b>Profit (loss) after financial items</b>	<b>-3 093</b>	<b>-3 093</b>	<b>-1 416</b>	<b>-1 416</b>
<b>Profit (loss) before tax</b>	<b>-3 093</b>	<b>-3 093</b>	<b>-1 416</b>	<b>-1 416</b>
Income tax	-196	-196	-383	-383
<b>Net result for the period</b>	<b>-3 289</b>	<b>-3 289</b>	<b>-1 799</b>	<b>-1 799</b>

### Other comprehensive income

KSEK	1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2023	Q1 2023	1 <sup>st</sup> Jan - 31 <sup>st</sup> Mar 2022	Q1 2022
<b>Items that may be reclassified to profit or loss</b>				
Exchange differences from translation of foreign operations	308	308	2 114	2 114
<b>Items that will not be reclassified to profit or loss</b>				
Revaluation of the net pension obligation	-	-	-	-
Income tax attributable to the above item	-	-	-	-
<b>Other comprehensive income for the period, after tax</b>	<b>308</b>	<b>308</b>	<b>2 114</b>	<b>2 114</b>
<b>Total comprehensive income for the period</b>	<b>-2 981</b>	<b>-2 981</b>	<b>315</b>	<b>315</b>

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

## Condensed consolidated Balance Sheet

KSEK	31 <sup>st</sup> Mar 2023	31 <sup>st</sup> Dec 2022
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i><b>Intangible assets</b></i>		
Customers relationships	132 530	134 641
Trade name	143 633	143 633
Goodwill	257 024	257 024
Capitalised expenditure for development activities	2 763	2 995
Ongoing development work	35 692	35 782
Expenditure on patents	-	-
<b>Total intangible assets</b>	<b>571 642</b>	<b>574 075</b>
<i><b>Tangible assets</b></i>		
Plant and machinery	30 662	31 296
Right-of-use assets	34 880	36 359
Equipment, tools, fixtures and fittings	7 999	8 233
<b>Total tangible assets</b>	<b>73 541</b>	<b>75 888</b>
<i><b>Financial assets</b></i>		
Deferred tax claim	-	-
Other long-term receivables	32	16
<b>Total financial assets</b>	<b>32</b>	<b>16</b>
<b>Total non-current assets</b>	<b>645 215</b>	<b>649 979</b>
<b>Current assets</b>		
<i><b>Inventories</b></i>		
Raw materials and consumables	61 907	61 443
Work-in-progress	2 078	1 582
Finished goods and goods for resale	31 934	32 960
<b>Total inventories</b>	<b>95 919</b>	<b>95 985</b>
<i><b>Current receivables</b></i>		
Trade receivables	71 856	73 495
Current tax asset	2 886	999
Other receivables	4 054	2 799
Accrued income - not yet invoiced	-	-
Prepaid expenses and accrued income	5 172	4 548
Cash and cash equivalents	36 480	49 151
<b>Total current receivables</b>	<b>120 448</b>	<b>130 992</b>
<b>Total current assets</b>	<b>216 367</b>	<b>226 977</b>
<b>TOTAL ASSETS</b>	<b>861 582</b>	<b>876 956</b>

## Condensed consolidated Balance Sheet

KSEK  
EQUITY

31<sup>st</sup> Mar 2023

31<sup>st</sup> Dec 2022

### Equity attributable to Parent Company's shareholders

Share capital	876 955	500
Other contributed capital	325 000	325 000
Reserves	7 567	7 567
Retained earnings (incl. profit/(loss) for the period)	21 815	25 104
<b>Total equity attributable to the shareholders of the Parent Company</b>	<b>355 189</b>	<b>358 170</b>

### LIABILITIES

#### Non-current liabilities

Lease liabilities	23 782	25 128
Provisions for pensions and similar obligations	3 137	3 137
Deferred tax liabilities	56 251	58 605
Other provisions	950	950
<b>Total non-current liabilities</b>	<b>84 120</b>	<b>87 819</b>

#### Current liabilities

Bond loan	336 250	336 250
Credit facility	4 755	11 416
Lease liabilities	12 793	13 513
Advanced from customer	650	657
Trade payables	29 026	29 699
Tax liabilities	-	-
Other current liabilities	13 385	16 792
Invoiced income - not yet accrued	2 483	2 420
Accrued costs and prepaid income	22 931	20 219

**Total current liabilities** 422 273 430 966

**Total liabilities** 506 393 518 785

**TOTAL EQUITY AND LIABILITIES** 861 582 876 955

## Consolidated statement of changes in equity

Q1 2022	Share Capital	Other contributed capital	Reserves	Losses carried forward/ Retained earnings, including profit (loss) for the period	Total shareholders equity
Amounts in KSEK	Attributable to shareholders of the Parent Company				
Starting balance as at 1 <sup>st</sup> January 2022	500	325 000	3 896	14 798	344 193
Net profit for the period Jan – Mar 2022	-	-	-	-1 799	-1 799
Other comprehensive income for the period	-	-	2 114	-	2 114
Total comprehensive income for the period	-	-	2 114	-1 799	315
<b>Closing balance as at 31<sup>st</sup> March 2022</b>	<b>500</b>	<b>325 000</b>	<b>6 010</b>	<b>12 999</b>	<b>344 508</b>
Q1 2023					
Starting balance as at 1 <sup>st</sup> January 2023	500	325 000	7 567	25 104	358 170
Net profit for the period Jan – Mar 2023	-	-	-	-3 289	-3 289
Other comprehensive income for the period	-	-	308	-	308
Total comprehensive income for the period	-	-	308	-3 289	-2 981
<b>Closing balance as at 31<sup>st</sup> March 2023</b>	<b>500</b>	<b>325 000</b>	<b>7 875</b>	<b>21 815</b>	<b>355 189</b>

## Consolidated Cash Flow Statement

KSEK	1 <sup>st</sup> Jan 2023 – 31 <sup>st</sup> Mar 2023	Q1 2023	1 <sup>st</sup> Jan 2022 – 31 <sup>st</sup> Mar 2022	Q1 2022
<b>Cash flow from operating activities</b>				
Operating profit (loss)	6 234	6 234	5 853	5 853
<i>Adjustment for non-cash items</i>				
- Other non-cash items	120	120	1 066	1 066
- Depreciation of tangible and intangible assets	9 054	9 054	9 501	9 501
Interest received	174	174	521	521
Interest paid	-9 164	-9 164	-7 241	-7 241
Income taxes paid	-4 440	-4 440	-6 814	-6 814
<b>Cash flow from operating activities before changes in working capital</b>	<b>1 977</b>	<b>1 977</b>	<b>2 886</b>	<b>2 886</b>
<b>Cash flow before changes in working capital</b>				
Increase/decrease of inventories	66	66	-4 204	-4 204
Increase/decrease of trade receivables	1 639	1 639	-15 708	-15 708
Increase/decrease of other current receivables	-1 879	-1 879	1 350	1 350
Increase/decrease of trade payables	-673	-673	-9 649	-9 649
Increase/decrease of other current payables	-976	-976	5 019	5 019
<b>Total changes in working capital</b>	<b>-1 823</b>	<b>-1 823</b>	<b>-23 192</b>	<b>-23 192</b>
<b>Cash flow from operating activities</b>	<b>154</b>	<b>154</b>	<b>-20 306</b>	<b>-20 306</b>
<b>Cash flow from investing activities</b>				
Investment in intangible assets	90	90	-6 163	-6 163
Investment in property, plant and equipment	-1 991	-1 991	-2 622	-2 622
Investment in other financial assets	-16	-16	-	-
<b>Cash flow from investing activities</b>	<b>-1 917</b>	<b>-1 917</b>	<b>-8 785</b>	<b>-8 785</b>
<b>Cash flow from financing activities</b>				
Increase/ decrease of current financial liabilities	-6 661	-6 661	631	631
Repayment of leasing debt	-4 402	-4 402	-3 880	-3 880
<b>Cash flow from financing activities</b>	<b>-11 063</b>	<b>-11 063</b>	<b>-3 267</b>	<b>-3 267</b>
<b>Decrease/increase of cash and cash equivalents</b>				
Opening cash and cash equivalents	49 151	49 151	49 413	49 413
Net cash flow during the period	-12 826	-12 826	-32 358	-32 358
Exchange rate differences in cash and cash equivalents	155	155	327	327
<b>Closing cash and cash equivalents</b>	<b>36 480</b>	<b>36 480</b>	<b>17 381</b>	<b>17 381</b>

## Parent Company Income Statement

KSEK	1 <sup>st</sup> Jan 2023 – 31 <sup>st</sup> Mar 2023	Q1 2023	1 <sup>st</sup> Jan 2022 – 31 <sup>st</sup> Mar 2022	Q1 2022
Net sales	11 040	2 760	2 760	2 760
<b>Gross profit</b>	<b>11 040</b>	<b>2 760</b>	<b>2 760</b>	<b>2 760</b>
Administrative expenses	-2 131	-2 131	-680	-680
<b>Operating profit (loss)</b>	<b>629</b>	<b>629</b>	<b>2 080</b>	<b>2 080</b>
<b>Profit (loss) from financial items</b>				
Financial income	258	258	519	519
Financial expenses	-8 887	-8 887	-7 112	-7 112
<b>Net financial items</b>	<b>-8 629</b>	<b>-8 629</b>	<b>-6 593</b>	<b>-6 593</b>
<b>Profit (loss) after financial items</b>	<b>-8 000</b>	<b>-8 000</b>	<b>-4 513</b>	<b>-4 513</b>
<b>Profit (loss) before tax</b>	<b>-8 000</b>	<b>-8 000</b>	<b>-4 513</b>	<b>-4 513</b>
Tax for the period	894	894	391	391
<b>Net result for the period</b>	<b>-7 106</b>	<b>-7 106</b>	<b>-4 122</b>	<b>-4 122</b>

In the Parent Company, there are no items recognized as other comprehensive income, consequently, total comprehensive income corresponds to profit (loss) for the period.

## Parent Company Balance Sheet

31<sup>st</sup> Mar 2023

31<sup>st</sup> Dec 2022

### ASSETS

#### Non-current assets

##### *Financial assets*

Participation in Group companies	420 893	420 893
Deferred tax assets	1 644	-
<b>Total financial assets</b>	<b>422 537</b>	<b>420 893</b>
<b>Total non-current assets</b>	<b>422 537</b>	<b>420 893</b>

#### Current assets

##### *Current receivables*

Receivables from Group companies	279 712	291 062
Current tax asset	7 233	5 375
Prepaid expenses and accrued income	1 611	1 401
<b>Total current assets</b>	<b>288 556</b>	<b>297 838</b>
Cash and bank	415	139
<b>Total current assets</b>	<b>288 971</b>	<b>297 977</b>
<b>TOTAL ASSETS</b>	<b>711 508</b>	<b>718 870</b>



## Parent Company Balance Sheet

KSEK	31 <sup>st</sup> Mar 2023	31 <sup>st</sup> Dec 2022
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Restricted equity</b>		
Share capital	500	500
<b>Non-restricted equity</b>		
Retained earnings	359 046	345 675
Profit/(loss) for the period	-7 106	13 371
<b>Total equity</b>	<b>352 440</b>	<b>359 546</b>
<b>UNTAXED RESERVS</b>		
Accrued fund	4 143	4 143
<b>Total untaxed reserves</b>	<b>4 143</b>	<b>4 143</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Bond loan	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>		
Bond-loan	336 250	336 250
Trade payables	90	114
Liabilities to Group companies	6 019	6 019
Current tax liabilities	8 562	9 273
Other liabilities	592	827
Accrued expenses and prepaid income	3 412	2 698
<b>Total current liabilities</b>	<b>354 925</b>	<b>355 181</b>
<b>Total liabilities</b>	<b>354 925</b>	<b>355 181</b>
<b>Total equity and liabilities</b>	<b>711 508</b>	<b>718 870</b>

## Notes to the interim report

### 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 21 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 group sells its products worldwide and customers include well known OEM's, Tier 1 and Tier 2 suppliers to the industry.

Swedish Electromagnet Invest AB (publ) Group is the ultimate Parent Company and serves as a holding company for the intermediary holding company Swedish Electromagnet Holding AB Group containing of SEM AB in Sweden including the branch SEM Technology Central Europe AB Zweigniederlassung Freiburg, Tyskland, SEM Technology (Suzhou) Co., Ltd in China, SEM Technology Inc. in USA, Senfusion AB.

### Note 1 Accounting policies

This Interim Report is presented in accordance with IAS 34 Interim Financial Reporting. The group's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of these standards from IFRS Interpretations Committee (IFRS IC) as adopted by the European Commission. The accounting also follows the Annual Accounts Act (1995:1554).

In addition, the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied. The Parent Company's interim report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board.

Applied accounting principles are in accordance with those described in Swedish Electromagnet Invest AB's annual report for 2022.

### Note 2 Net Sales

The Group has recognised the following amounts, attributable to revenue, in the statement of comprehensive income:

	1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2023	Q1 2023	1 <sup>st</sup> Jan - 31 <sup>st</sup> Mar 2022	Q1 2022
Revenue from contracts with customers	92 776	92 776	96 496	96 496
<b>Total revenue</b>	<b>92 776</b>	<b>92 776</b>	<b>96 496</b>	<b>96 496</b>

#### Division of revenue from contracts with customers

The Group has revenue in accordance with the specification below from the sales of goods and services. Revenue from external customers mainly comprise the development and manufacturing of ignition systems and components.

The majority of the Group's revenue is recognised over time.

#### Revenue from customer contracts per goods item and service

	1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2023	Q1 2023	1 <sup>st</sup> Jan - 31 <sup>st</sup> Mar 2022	Q1 2022
Ignition systems and components	87 255	87 255	96 496	96 496
Design and Development services	5 521	5 521	-	-
<b>Total</b>	<b>92 776</b>	<b>92 776</b>	<b>96 496</b>	<b>96 496</b>

### Note 3 Cost broken down by type of cost

	1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2023	Q1 2023	1 <sup>st</sup> Jan - 31 <sup>st</sup> Mar 2022	Q1 2022
Raw materials and consumables	-39 356	-39 356	-38 146	-38 146
Employee benefits	-28 040	-28 040	-28 890	-28 890
Depreciation of tangible assets	-3 110	-3 110	-3 298	-3 298
Depreciation of right-of-use assets	-3 832	-3 832	-3 861	-3 861
Depreciation of intangible assets	-2 111	-2 111	-2 342	-2 342
Other external costs	-10 130	-10 130	-16 666	-16 666
<b>Total operating costs</b>	<b>-86 579</b>	<b>-86 579</b>	<b>-91 191</b>	<b>-91 191</b>

## Note 4 Borrowings

### Bond loan

The company has issued a senior secured bond, ISIN SE0011167600 (the "Bond"), with a nominal value of SEK 350 million. The bond run, after extension, until May 10, 2023 and has been considered short-term debt since the annual accounts in 2021. The bond run 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.

On April 26, the company announced in a press release that an agreement had been reached with the bondholders regarding an extension of the bond until June 2026. For updated bond terms and details, please refer to the website [www.sem.se](http://www.sem.se). The press release is reproduced on page 8 of this quarterly report.

### 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 <sup>st</sup> March 2023	Fair value 31 <sup>st</sup> March 2023	Carrying amount 31 <sup>st</sup> Mar 2022	Fair value 31 <sup>st</sup> Mar 2022
Bond loan	336 250	316 916	334 785	327 003

Fair value of the bond loan has been valued at level 1 of the fair value hierarchy, ie the quoted market price per 2023-03-31.

## Note 5 Related party transactions

### Related party transactions - Parent company

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

Sales and purchase of services	1 <sup>st</sup> Jan – 31 <sup>st</sup> Dec 2023	Q1 2023	1 <sup>st</sup> Jan – 31 <sup>st</sup> Mar 2022	Q1 2022
Administration services from the Parent Company	2760	2760	2760	2760

## Related party transaction - Parent company

<i>Loans to related parties</i>	31 <sup>st</sup> Mar 2023	31 <sup>st</sup> Mar 2022
<i>Loan to Swedish Electromagnet Holding AB (pledged)</i>		
Starting balance	246 476	242 957
Amounts repaid	-	-
Reclassification to other liabilities to group companies	-	-
Ending balance	246 476	242 957
<i>Loan to SEM AB</i>		
Starting balance	44 586	24 386
Amounts repaid	-11 350	-9 800
Loans raised during the year (group contribution, given, not paid)	-	-
Ending balance	33 236	14 586
<b>Total at end of period</b>	<b>279 712</b>	<b>257 543</b>
<i>Loan from related parties</i>		
<i>Loan from Swedish Electromagnet Holding AB</i>		
Starting balance	-6 019	-
Reclassification from loan, group	-	-
New debt	-	-
UB	-6 019	-
<b>Total at end of period</b>	<b>-6 019</b>	<b>-</b>

## Note 6 Reconciliation of Key figures and ratios

<b>Reconciliation of EBITDA, KSEK</b>	1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2023 Q1 2023		1 <sup>st</sup> Jan - 31 <sup>st</sup> Mar 2022	Q1 2022
Operating profit (loss)	6 234	6 234	5 853	5 853
Depreciations of intangible assets	2 111	2 111	2 342	2 342
Depreciations of right-to-use-assets	3 832	3 832	3 861	3 861
Depreciations of tangible assets	3 110	3 110	3 298	3 298
<b>EBTIDA</b>	<b>15 287</b>	<b>15 287</b>	<b>15 354</b>	<b>15 354</b>

<b>Reconciliation of adjusted EBITDA</b>				
EBITDA	15 287	15 287	15 354	15 354
Refinancing costs	1 391	1 391	-	-
<b>Adjusted EBITDA</b>	<b>16 678</b>	<b>16 678</b>	<b>15 354</b>	<b>15 354</b>

<b>Reconciliation of net debt<sup>1)</sup></b>	31 <sup>st</sup> Mar 2023	31 <sup>st</sup> Mar 2022
Bond loans	336 250	334 785
Lease liability (non-current and current) according to IAS17	13 372	20 677
Credit facility	4 755	12 466
Cash and cash equivalents <sup>2)</sup>	-33 442	-17 381
<b>Net debt</b>	<b>320 935</b>	<b>350 547</b>

Figures regarding Q1 2023 and Q1 2022. Please see "Definitions" for further details.

<sup>1)</sup> Net debt according to Bond Terms

<sup>2)</sup> Per 31<sup>st</sup> March 2023 excluding 1,638 MSEK in separate bank account from Energimyndigheten and 1,396 MSEK in separate bank account from Vinnova which shall be split between project participants.

## 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.

### EBITDA<sup>1)</sup>

Profit before interest, tax, depreciation and amortization.

### EBITDA (adj)<sup>1)</sup>

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 <sup>2)</sup>.

### 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 1<sup>st</sup> 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 <sup>1)</sup>.

### 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.

<sup>1</sup> Including IFRS16 leasing.

<sup>2</sup> Adjustments include non-recurring figures to enable better comparison of underlying development in the business.

## **Declaration of the board of directors**

The Board of Directors and the Chief Executive Officer certify that the Interim Report 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.

Åmål on 26th May 2023

Halvar Jonzon  
Chairman of the Board

Hans Wikse  
Board Member

Christina Hallin  
Board Member  
/Chief Executive Officer

Henri Peltomäki  
Board Member

Hasse Johansson  
Board Member

The report has not been subject to review by the company's auditor.

## **Financial calendar 2023**

Interim Report Q2 2023 is published on the 31<sup>st</sup> of August 2023.

Interim Report Q3 2023 is published on the 30th of November 2023.

## **Contact**

IRcontact@sem.se

## **Website**

All reports and press releases are available on the Internet at [www.sem.se](http://www.sem.se)