

Swedish Electromagnet Invest AB (publ.)

559153-6510

Interim Report

January – September 2021



Group overview

The Swedish Electromagnet Invest AB (publ) Group ¹, 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 through own sales channels worldwide and customers include well known OEM's, Tier 1 and Tier 2 suppliers to the industry.

¹ 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 and Senfusion AB in Sweden.

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Third quarter, July – September 2021

- Net sales amounted to 87 318 (68 446) KSEK.
- The operating profit/loss amounted to 11 596 (5 534) KSEK.
- The cash flow from operating activities amounted to 1 166 (11 276) KSEK.

Reporting period, January – September 2021

- Net sales amounted to 311 056 (218 832) KSEK.
- The operating profit/loss amounted to 41 212 (23 576) KSEK.
- The cash flow from operating activities amounted to 3 155 (44 407) KSEK.

Development in the third quarter and period, January – September 2021

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

The figures below are equivalent to the operations in SEM Invest Group the third quarter and the period 1st January – 30th September 2021.

Key figures and ratios

KSEK	Jan – Sep 2021	Q3 2021	Jan – Sep 2020	Q3 2020
Net sales	311 056	87 318	218 832	68 446
EBITDA	68 672	20 685	50 197	14 450
Adjustment to EBITDA ¹⁾	-2 000	-2 000	-	-
EBITDA (adj.) ¹⁾	66 672	18 685	50 197	14 450
Operating profit	41 212	11 596	23 576	5 534
Net result for the period	10 821	2 148	-2 348	-2 218
Net Debt ²⁾	331 755	331 755	291 137	291 137
Return on equity ³⁾ , %	5,4%	1,2%	0,05%	-0,6%
Return on total assets ³⁾ , %	4,8%	1,4%	2,8%	0,7%
Equity/assets ratio, %	39,7%	39,7%	39,1%	39,1%

1) Adjustments include non-recurring figures to enable better comparison of underlying development in the business. Adjustments during Q3 2021 including -2 000 KSEK (-) and during the period 1st of January to 30th of September 2021 – 2 000 KSEK (-).

2) End of period

3) Figures regarding Q3 and period Jan - September 2021 and comparable figures in 2020. Please see "Definitions" for further details.

Comments from the CEO

Q3 2021 is another good quarter in terms of sales. The high demand remains in most of our markets and, among other things, sales of gas ignition systems to the USA have been very high during the third quarter. However, our sales in China have slowed down due to a significant drop in sales of gas-powered trucks caused by a high price of gas. We also continue to have unstable deliveries of components, price increases for ingoing materials and transportation. So far, this has not affected our delivery precision, but we have had increased costs and inventory build-up to secure it.

Sales for the quarter landed at SEK 87 million and the first three quarters of SEK 311 million, which is +28% (Q3) and +42% (YTD), but it should be remembered that sales in the first half of 2020 were strongly affected by the pandemic.

An operating profit of SEK 12 million for Q3 and SEK 41 million for the first three quarters indicates that we have higher costs to manage depending on transport and incoming material, but this is still in the order of twice compared to 2020 but then also includes an effect of a more favorable currency and a maintained level of other overhead costs.

Our ambitious development plan to be involved in the transition to greener transport industry is progressing at full speed.

Christina Hallin
CEO

Financial overview

Sales and profit third quarter and the period Jan – Sep 2021

Sales in third quarter 2021 totalling SEK 87 318 (68 446) thousand and in the period Jan – Sep to SEK 311 056 (218 832) thousand. Adjusted EBITDA totalling SEK 18 685 (14 450) thousand in third quarter and SEK 66 672 (50 197) thousand in the period Jan – Sep 2021.

Investments

In the third quarter 2021, the group made total investments affecting cash flow of SEK 6 809 (3 433) thousand, mainly related to investments in development projects and production equipment both at the Åmål and at the Suzhou plant.

During the period Jan – Sep 2021, the group made total investments of SEK 14 156 (15 293) thousand. The investments mainly relate to investments in development projects, production equipment for new gas coil production at the Suzhou plant and test equipment to the plant 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 an increased tax payment in the third quarter 2021 of 1,0 (1,0) SEK million and for the period Jan – Sep 3,0 (2,9) 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. This has resulted in a higher tax expense in the third quarterly accounts for 2021 of 1,0 (1,0) MSEK and for the period Jan – Sep 3,0 (2,9) SEK million. 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, based on the Group as a whole.

The assessment is that order intake remains good and the long-term business opportunities remain.

The annual impairment test will be carried out in December unless otherwise stated.

Cash flow

KSEK

Period January – September 2021

Cash flow from operating activities 3 155 (44 407).

Cash flow from investing activities -14 156 (-15 293).

Cash flow from financing activities -24 447 (-9 505).

Cash flow for the period -35 448 (19 609).

Quarter 3 2021

Cash flow from operating activities 1 166 (11 276).

Cash flow from operating activities -6 809 (-3 433).

Cash flow from financing activities -17 271 (-3 348).

Cash flow for the period -22 914 (4 495).

Cash flow from operating activities for the third quarter of 2021, SEK 1 166 (11 276) thousand, is negatively affected primarily by increased inventory values when purchasing more expensive electronic components with significantly longer lead times, of which an inventory build-up was necessary.

Cash flow from operating activities for the period January - September 2021, SEK 3 155 (44 407) thousand, is negatively affected primarily by increased inventory values when purchasing more expensive electronic components with significantly longer lead times, of which an inventory build-up was necessary. More capital is also tied up in accounts receivable as a result of the increased sales during the period.

Cash flow from investing activities for quarter 3 2021, SEK -6 809 (-3 433) thousand, mainly related to investments in development projects and minor production equipment both at the Åmål and at the Suzhou plant.

Cash flow from investing activities for the period January - September 2021, SEK, -14 156 (-15 293) thousand, mainly relate to investments in development projects, production equipment for new gas coil production at the Suzhou plant and test equipment to the plant in Åmål.

Cash flow from financing activities for quarter 3 2021, SEK, -17 271 (-3 348) thousand consist of rebuy of the own bond and instalment of debt for long and short term leasing.

Cash flow from financing activities for the period January – September 2021, SEK, -24 447 (-9 505) thousand consist of rebuy of the own bond and instalment of debt for long and short term leasing.

Cost regarding salaries, social security and pension

The personnel cost for salary, social security and pensions amounted to SEK 23 372 (19 970) thousand during the second quarter and SEK 78 957 (68 537) thousand during the period Jan – Sep 2021. During the third quarter the cost split with SEK 18 015 (15 590) thousand in Sweden, SEK 4 639 (4 034) thousand in China and SEK 719 (345) thousand in USA.

During Jan - Sep the split was SEK 62 113 (55 973) thousand in Sweden, SEK 15 335 (12 370) thousand in China and SEK 1 508 (1 194) thousand in US.

At the end of the period the number of fulltime employees (FTE) in the group amounted to in total 208 (186) of which 52% (53%) women and 48% (47%) men.

Parent Company

The ultimate parent company Swedish Electromagnet Invest AB (publ) ("SEM Invest") was established on 26th March 2018. SEM Invest became operative on 11th December, 2018 through the acquisition of Swedish Electromagnet Holding AB ("SEH Group"). 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 and Senfusion AB in Sweden.

The Parent Company's net result totalled SEK -4 981 (- 3 991) thousand in third quarter 2021 and SEK -14 346 (-11 404) thousand in the period 1st of January to 30th of September 2021. The Parent Company's net sales consist entirely of services to group companies. The Parent Company's operations include certain group-wide functions regarding management, strategy and financing.

Parent Company assets totalled SEK 678 944 (674 901) 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 10th 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 totalled 2 000 000 as at 30th of September 2021. The main shareholder is Procuritas Capital Investors V L.P. with 91,5% of votes and capital.

Significant events during the third quarter and the period January – September 2021

No significant events during the third quarter and the period January – September 2021.

Events after the reporting period

No significant events after the end of the reporting period.

Outlook

The SEM Invest Group does not provide 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 2020.

Financial reports

Condensed consolidated Income Statement

KSEK	1 st Jan - 30 th Sep 2021	Q3 2021	1 st Jan - 30 th Sep 2020	Q3 2020
Net sales	311 056	87 318	218 832	68 446
Cost of goods sold	-213 830	-58 566	-144 395	-48 702
Gross profit	97 227	28 752	74 437	19 744
Selling expenses	-13 653	-4 790	-12 590	-3 941
Administrative expenses	-19 129	-6 417	-19 421	-6 077
Research and development costs	-26 981	-8 511	-21 800	-6 882
Other operating income	3 747	2 562	2 950	2 690
Operating profit (loss)	41 212	11 596	23 576	5 534
Financial income	41	-2	227	94
Financial expenses	-21 882	-7 268	-21 878	-7 085
Interest expenses from lease liabilities	-1 350	-427	-1 776	-577
Net financial items	-23 192	-7 697	-23 427	-7 567
Profit (loss) after financial items	18 021	3 900	149	-2 034
Profit (loss) before tax	18 021	3 900	149	-2 034
Income tax	-7 200	-1 752	-2 496	-184
Net result for the period	10 821	2 148	-2 348	-2 218

Other comprehensive income

KSEK	1 st Jan - 30 th Sep 2021	Q3 2021	1 st Jan - 30 th Sep 2020	Q3 2020
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences from translation of foreign operations	5 554	2 061	-757	310
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of the net pension obligation	-	-	-	-
Income tax attributable to the above item	-	-	-	-
Other comprehensive income for the period, after tax	5 554	2 061	-757	310
Total comprehensive income for the period	16 653	4 487	-3 105	-1 908

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	30 th Sep 2021	31 st Dec 2020
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Customers relationships	145 196	151 529
Trade name	143 633	143 633
Goodwill	257 024	257 024
Capitalised expenditure for development activities	21 654	13 440
Total intangible assets	567 507	565 626
<i>Tangible assets</i>		
Plant and machinery	19 877	19 956
Right-of-use assets	54 405	42 116
Equipment, tools, fixtures and fittings	18 683	22 010
Total intangible assets	92 965	84 082
Total non-current assets	660 472	649 708
Current assets		
<i>Inventories</i>		
Raw materials and consumables	43 442	33 049
Work-in-progress	3 631	1 244
Finished goods and goods for resale	16 124	15 589
Total inventories	63 197	49 882
<i>Current receivables</i>		
Trade receivables	73 353	60 762
Current tax asset	1 396	-
Other receivables	13 313	5 088
Prepaid expenses and accrued income	10 096	9 873
Cash and cash equivalents	26 865	60 812
Total current receivables	125 023	136 535
Total current assets	188 220	186 417
TOTAL ASSETS	848 692	836 125

Condensed consolidated Balance Sheet

KSEK

30th Sep 2021

31st Dec 2020

EQUITY

Equity attributable to Parent Company's shareholders

Share capital	500	500
Other contributed capital	325 000	325 000
Reserves	2 629	-2 925
Retained earnings (incl. profit/(loss) for the period)	8 713	-2 109
Total equity attributable to the shareholders of the Parent Company	336 841	320 466

LIABILITIES

Non-current liabilities

Bond loan	333 687	345 666
Lease liabilities	40 450	30 024
Provisions for pensions and similar obligations	4 778	4 778
Deferred tax liabilities	58 604	63 047
Other provisions	950	950
Total non-current liabilities	438 469	444 465

Current liabilities

Lease liabilities	14 985	14 206
Trade payables	29 744	28 690
Tax liabilities	-	4 553
Other current liabilities	6 506	5 414
Invoiced income - not yet accrued	4 559	1 041
Accrued costs and prepaid income	17 588	17 290
Total current liabilities	73 382	71 194
Total liabilities	511 851	515 659

TOTAL EQUITY AND LIABILITIES

848 692 836 125

Consolidated statement of changes in equity

Amounts in KSEK

Attributable to shareholders of the Parent Company

	Share Capital	Other contributed capital	Reserves	Losses carried forward/ Retained earnings, including profit (loss) for the period	Total shareholders equity
Q3 2020					
Starting balance as at 1 st of July 2020	500	325 000	-757	5 865	330 608
Net profit for the period Jul - Sep 2020	-	-	-	-2 218	-2 218
Other comprehensive income for the period	-	-	310	-	310
Total comprehensive income for the period	-	-	310	-2 218	-1 908
Closing balance as of 30th Sep 2020	500	325 000	-447	3 647	328 700
Q3 2021					
Starting balance as of 1 st July 2021	500	325 000	568	6 565	332 633
Net profit for the period Jul - Sep 2021	-	-	-	2 148	2 148
Other comprehensive income for the period	-	-	2 061	-	2 061
Total comprehensive income for the period	-	-	2 061	2 148	4 208
Closing balance as at 30th Sep 2021	500	325 000	2 629	8 713	336 841

Consolidated Cash Flow Statement

KSEK	1 st Jan 2021 – 30 th Sep 2021	1 st Jul 2021 – 30 th Sep 2021	1 st Jan 2020 – 30 th Sep 2020	1 st Jul 2020 – 30 th Sep 2020
Cash flow from operating activities				
Operating profit (loss)	41 212	11 596	23 575	5 532
<i>Adjustment for non-cash items</i>				
- Other non-cash items	2 055	946	-1 813	-80
- Depreciation of tangible and intangible assets	27 460	9 088	26 621	8 916
Interest received	41	-1	227	94
Interest paid	-21 647	-7 144	-24 005	-7 823
Income taxes paid	-17 647	-3 698	1 042	-1 022
Cash flow from operating activities before changes in working capital	31 474	10 787	25 647	5 616
Cash flow before changes in working capital				
Increase/decrease of inventories	-13 315	-7 228	4 592	7 220
Increase/decrease of trade receivables	-12 591	5 170	18 168	-9
Increase/decrease of other current receivables	-8 448	-5 839	-994	-1 656
Increase/decrease of trade payables	1 054	-3 606	-2 255	1 797
Increase/decrease of other current payables	4 981	1 882	-750	-1 691
Total changes in working capital	-28 319	-9 621	18 760	5 661
Cash flow from operating activities	3 155	1 166	44 407	11 276
Cash flow from investing activities				
Investment in intangible assets	-8 476	-4 505	-9 661	-3 544
Investment in property, plant and equipment	-5 680	-2 304	-5 632	111
Cash flow from investing activities	-14 156	-6 809	-15 293	-3 433
Cash flow from financing activities				
Rebuy of bond	-13 750	-13 750	-	-
Repayment of leasing debt	-10 697	-3 521	-9 505	-3 348
Cash flow from financing activities	-24 447	-17 271	-9 505	-3 348
Decrease/increase of cash and cash equivalents				
Opening cash and cash equivalents	60 812	49 180	58 069	73 074
Net cash flow during the period	-35 448	-22 914	19 609	4 495
Exchange rate differences in cash and cash equivalents	1 502	599	-211	-102
Closing cash and cash equivalents	26 865	26 865	77 467	77 467

Parent Company Income Statement

KSEK	1 st Jan 2021 – 30 th Sep 2021	Q3 2021	1 st Jan 2020 – 30 th Sep 2020	Q3 2020
Net sales	8 280	2 760	8 280	2 760
Gross profit	8 280	2 760	8 280	2 760
Administrative expenses	-877	-487	-1 146	-617
Operating profit (loss)	7 403	2 273	7 134	2 143
Profit (loss) from financial items				
Financial expenses	-21 667	-7 287	-21 643	-7 219
Net financial items	-21 667	-7 287	-21 643	-7 219
Profit (loss) after financial items	-14 264	-5 014	-14 509	-5 077
Profit (loss) before tax	-14 264	-5 014	-14 509	-5 077
Tax for the period	-81	33	3 105	1 086
Net result for the period	-14 346	-4 981	-11 404	-3 991

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

KSEK	30 th Sep 2021	31 st Dec 2020
ASSETS		
Non-current assets		
<i>Financial assets</i>		
Participation in Group companies	420 893	420 893
Deferred tax assets	2 918	-
Total financial assets	423 811	420 893
Total non-current assets	423 811	420 893
Current assets		
<i>Current receivables</i>		
Receivables from Group companies	247 607	265 968
Current tax asset	3 964	50
Prepaid expenses and accrued income	3 553	3 568
Total current assets	255 124	269 586
Cash and bank	9	363
Total current assets	255 133	269 949
TOTAL ASSETS	678 944	690 842

Parent Company Balance Sheet

KSEK	30 th Sep 2021	31 st Dec 2020
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	500	500
Non-restricted equity		
Retained earnings	327 931	331 502
Profit/(loss) for the period	-14 346	-3 571
Total equity	314 085	328 431
UNTAXED RESERVS		
Accrued fund	4 143	4 143
Total untaxed reservs	4 143	4 143
LIABILITIES		
Non-current liabilities		
Bond loan	333 687	345 666
Total non-current liabilities	333 687	345 666
Current liabilities		
Trade payables	29	110
Liabilities to group companies	17 339	-
Current tax liabilities	6 989	9 519
Other liabilities	684	912
Accrued expenses and prepaid income	1 988	2 061
Total current liabilities	27 029	12 602
Total liabilities	360 716	358 268
TOTAL EQUITY AND LIABILITIES	678 944	690 842

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 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.

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 2020.

Note 2 Net Sales

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

	Jan – Sep 2021	Q3 2021	Jan – Sep 2020	Q3 2020
Revenue from contracts with customers	311 056	87 318	218 832	68 446
Total revenue	311 056	87 318	218 832	68 446

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

	Jan – Sep 2021	Q3 2021	Jan – Sep 2020	Q3 2020
Ignition systems and components	305 075	83 800	215 536	66 279
Design and Development services	5 981	3 518	3 296	2 167
Total	311 056	87 318	218 832	68 446

Note 3 Cost broken down by type of cost

	Jan – Sep 2021	Q3 2021	Jan – Sep 2020	Q3 2020
Raw materials and consumables	-133 421	-34 272	-87 956	-30 513
Employee benefits	-78 957	-23 372	-68 537	-19 970
Capitalized development hours	4 411	923	5 494	1 718
Depreciation of tangible assets	-10 171	-4 029	-9 652	-3 119
Depreciation of right-of-use assets	-10 694	-2 801	-10 576	-3 673
Depreciation of intangible assets	-6 595	-2 258	-6 393	-2 124
Other external costs	-38 164	-12 475	-20 584	-7 919
Total operating costs	-273 591	-78 284	-198 204	-65 600

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 runs up until the 10th December 2022 with a variable interest of Stibor 3 months plus 7.50%. In accordance with the terms and conditions of the Bond, certain covenants need to be met when raising new loans, at acquisitions and in connection with dividends. The terms and conditions of the Bond contain several obligations, such as a prohibition against raising new loans, grant loans, pledge assets as collateral, obligations that the working capital facility, during a certain period, should be unutilised, restrictions regarding disposals and transferring of cash and cash equivalents. Under the Bond, assets have been pledged as collateral, which include certain share collaterals shares in subsidiary and internal loans.

During the third quarter, bonds with a nominal value of SEK 13 750 thousand were rebought.

The Parent Company has met all the terms and conditions of the bond during the period from 1st of January 2021 until 30th of September 2021.

	Carrying amount 30 th Sep 2021	Fair value 30 th Sep 2021	Carrying amount 31 st Dec 2020	Fair value 31 st Dec 2020
Bond loan	333 687	332 047	345 666	342 125

Fair value of the bond loan has been valued at level 1 of the fair value hierarchy, ie the quoted market price per 2021-09-30.

Note 5 Related party transactions

Related party transactions - Group

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 of services	1 st Jan 2021 – 30 th Sep 2021	1 st Jul 2021 – 30 th Sep 2021	1 st Jan 2020 – 30 th Sep 2020	1 st Jul 2020 – 30 th Sep 2020
Administration services from the Parent Company	8 280	2 760	8 280	2 760
Purchase of services from companies controlled by senior executive	3	1	40	40
Total	8 283	2 761	8 319	2 762

Related party transaction - Parent company

<i>Receivables related parties</i>	30-Sep-2021	31-dec-2020
<i>Receivables Swedish Electromagnet Holding AB</i>		
Start balance	246 457	246 457
Ending balance	246 457	246 457
<i>Receivables SEM AB</i>		
Start balance	18 361	16 070
Amounts repaid	-18 361	-18 000
Loan raised during the year (given group contributions, not paid)	-	20 291
Ending balance	-	18 361
At year-end	246 457	264 818
<i>Debt to related parties</i>	30 sep-2021	31 dec-2020
<i>Debt to SEM AB</i>		
Starting balance	-	-
Amounts repaid	-	-
New debt	17 339	-
Ending balance	17 339	-
Total at year-end	17 339	-

Not 6 Reconciliation of Key figures and ratios

Reconciliation of EBITDA, KSEK	1 st Jan - 30 th Sep 2021	Q3 2021	1 st Jan - 30 th Sep 2020	Q3 2020
Operating profit (loss)	41 212	11 596	23 576	5 534
Depreciations of intangible assets	6 595	2 258	6 393	2 124
Depreciations of right-to-use-assets	10 694	2 801	10 576	3 673
Depreciations of tangible assets	10 171	4 029	9 652	3 119
EBTIDA	68 672	20 685	50 197	14 450

Reconciliation of adjusted EBITDA

EBITDA	68 672	20 685	50 197	14 450
Repayment AFA insurance	-2 000	-2 000	-	-
Adjusted EBITDA	66 672	18 685	50 197	14 450

Reconciliation of net debt	30 th Sep 2021	30 th Sep 2020
Bond loans	333 687	345 113
Lease liability (non-current and current) according to IAS17	24 933	23 492
Cash and cash equivalents	-26 865	-77 467
Net debt	331 755	291 138

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.

EBITDA¹⁾

Profit before interest, tax, depreciation and amortisation.

EBITDA (adj)¹⁾

Profit before interest, tax, depreciation and amortisation, 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 ²⁾.

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⁾ Including IFRS16 leasing.

²⁾ 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 25th November 2021

Halvar Jonzon
Chairman of the Board

Hans Wikse
Board Member

Christina Hallin
Board Member
/Chief Executive Officer

Björn Lindberg
Board Member

Hasse Johansson
Board Member

Financial calendar 2022

Year-End Report and Interim Report Q4 2021 is published on the 22nd of February 2022
Annual report 2021 is published on the 29th of April 2022.

Contact

IRcontact@sem.se

Website

All reports and press releases are available on the Internet at www.sem.se



Auditor's report

Swedish Electromagnets Invest AB (publ) corp. reg. no. 559153-6510

Introduction

We have reviewed the condensed interim financial information (interim report) of Swedish Electromagnets Invest AB (publ) as of 30 September 2021 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm 25th of November 2021

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant