

Swedish Electromagnet Invest AB (publ.)

559153-6510

Year-End Report and Interim Report

January – December 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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Fourth quarter, October – December 2021

- Net sales amounted to 100 909 (87 430) KSEK.
- The operating profit/loss amounted to 12 530 (1 916) KSEK.
- The cash flow from operating activities amounted to 25 671 (1 165) KSEK.

Reporting period, January – December 2021

- Net sales amounted to 411 965 (306 262) KSEK.
- The operating profit/loss amounted to 53 742 (25 487) KSEK.
- The cash flow from operating activities amounted to 28 826 (45 572) KSEK.
-

Development in the fourth quarter and period, January – December 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 fourth quarter and the period 1st January – 31st December 2021.

Key figures and ratios

KSEK	Jan – Dec 2021	Q4 2021	Jan – Dec 2020	Q4 2020
Net sales	411 965	100 909	306 262	87 430
EBITDA	90 483	21 811	61 368	11 177
Adjustment to EBITDA ¹⁾	-2 000	-	-	-
EBITDA (adj.) ¹⁾	88 483	21 811	61 368	11 177
Operating profit	53 742	12 530	25 487	1 916
Net result for the period	16 906	6 085	-8 104	-5 751
Net Debt ²⁾	319 568	319 568	306 569	306 569
Return on equity ³⁾ , %	6,9%	1,4%	-2,0%	-2,1%
Return on total assets ³⁾ , %	6,2%	1,4%	3,0%	0,2%
Equity/assets ratio, %	38,1%	38,1%	38,3%	38,3%

1) Adjustments include non-recurring figures to enable better comparison of underlying development in the business. Adjustments during Q4 2021 including 0 KSEK (-) and during the period 1st of January to 31st of December 2021 – 2 000 KSEK (-). Please see Note 6 for further details.

2) End of period

3) Figures regarding Q4 and period Jan - December 2021 and comparable figures in 2020. Please see "Definitions" for further details.

Comments from the CEO

Looking at the full year 2021, we achieve our highest ever annual sales of 411 965 KSEK with a net result of 16 906 KSEK. We have continued to keep our commitments of deliveries to customers, despite the poor availability of semiconductors, plastic materials and freight. Our customers' markets are strong with high demand for our products, except in China where truck sales continue to be slow.

Q4 is characterized by good sales, 100 909 KSEK, but also by higher costs that have an effect on net result, 6 085 KSEK. As earlier in the year, the high costs are mainly caused by expensive spot purchases of components, expensive freight and other price increases on incoming materials. Our ambitious development plan to meet new and existing customers' needs with new offerings continues. We are actively involved in the green transformation that the transport industry is undergoing through collaborations on new technical solutions. We continuously strive to recruit expertise to ensure that the building of our knowledge stays in the company.

We have managed to keep our production and other operations running, both in Åmål and Suzhou, during the year despite the risk of infection and other restrictions in the wake of the global pandemic. However, we still suffer from not being able to meet customers and suppliers on site.

Christina Hallin
CEO

Financial overview

Sales and profit fourth quarter and the period Jan – Dec 2021

Sales in fourth quarter 2021 totalling SEK 100 909 (87 430) thousand and in the period Jan – Dec to SEK 411 965 (306 262) thousand. Adjusted EBITDA totalling SEK 21 811 (11 177) thousand in fourth quarter and SEK 88 483 (61 368) thousand in the period Jan – Dec 2021.

Investments

In the fourth quarter 2021, the group made total investments affecting cash flow of SEK 12 128 (13 788) thousand, mainly related to investments in development projects and production equipment both at the Åmål and at the Suzhou plant.

During the period Jan – Dec 2021, the group made total investments of SEK 26 284 (29 081) 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 a changed tax expense in the fourth quarter 2021 of -0,9 (1,0) SEK million and for the period Jan – Dec 2,1 (3,9) 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. 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 have been carried out and no impairment has occurred.

Residual values for cash generating units are established through the calculation of the value in use. The calculation of the value in use is based on estimated future cash flows before tax based on a financial budget approved by Company management and which cover a period of five years. The calculation is based on management experience and historical data. The long-term sustainable growth rate is assessed based on industry forecasts. The President has deemed that sales growth, EBITDA, discount rate and long-term growth rate are the most significant assumptions in the impairment test. A discount rate before tax of 13% (13%) has been used in the present value calculation of estimated future cash flows. Discounted cash flows have been extrapolated with a long-term growth rate of 2% (2%) after the forecast period of 5 years.

The residual value exceeds the carrying amount of goodwill and trademarks. This is also valid for assumptions if:

- the discount rate before tax had increased with 10% (10%), so to say, had been 14,3%
- the estimated growth rate to extrapolate cash flows beyond the 5-year period had been 1% (1%) or 50% lower,
- the estimated EBITDA decreases with 10% (10%)

Cash flow

KSEK

Period January – December 2021

Cash flow from operating activities 28 826 (45 572).

Cash flow from investing activities -26 284 (-29 081).

Cash flow from financing activities -16 260 (-12 656).

Cash flow for the period -13 717 (3 836).

Quarter 4 2021

Cash flow from operating activities 25 671 (1 165).

Cash flow from operating activities -12 128 (-13 788).

Cash flow from financing activities 8 187 (-3 151).

Cash flow for the period 21 730 (-15 733).

Cash flow from operating activities for the fourth quarter of 2021, SEK 25 671 (1 165) thousand, is positively affected primarily by increased profit, advances received and changed working capital.

Cash flow from operating activities for the period January - December 2021, SEK 28 826 (45 572) thousand, is also positively affected primarily by increased profit, advances received and changed working capital.

Cash flow from investing activities for quarter 4 2021, SEK -12 128 (-13 788) thousand, mainly related to investments in development projects and production equipment both at the Åmål and at the Suzhou plant.

Cash flow from investing activities for the period January - December 2021, SEK, -26 284 (-29 081) 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 4 2021, SEK, 8 187 (-3 151) thousand consist of rebuy of the own bond and instalment of debt for long- and short-term leasing. Also, utilization of overdraft facilities.

Cash flow from financing activities for the period January – December 2021, SEK, -16 260 (-12 656) thousand consist of rebuy of the own bond and instalment of debt for long- and short-term leasing. Also, utilization of overdraft facilities.

Cost regarding salaries, social security and pension

The personnel cost for salary, social security and pensions amounted to SEK 27 038 (23 258) thousand during the fourth quarter and SEK 105 994 (91 794) thousand during the period Jan – Dec 2021. During the fourth quarter the cost split with SEK 22 016 (18 638) thousand in Sweden, SEK 4 670 (4 306) thousand in China and SEK 351 (313) thousand in USA.

During Jan - Dec the split was SEK 84 130 (73 611) thousand in Sweden, SEK 20 006 (16 676) thousand in China and SEK 1 859 (1 507) thousand in US.

At the end of the period the number of fulltime employees (FTE) in the group amounted to in total 208 (190) off which 52% (52%) women and 48% (48%) 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 32 089 (7 839) thousand in fourth quarter 2021 and SEK 17 744 (-3 571) thousand in the period 1st of January to 31st of December 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 698 645 (690 842) 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 31st of December 2021. The main shareholder is Procuritas Capital Investors V L.P. with 91,5% of votes and capital.

Significant events during the fourth quarter and the period January – December 2021

Change in the board of Swedish Electromagnet Invest AB (publ).

At the annual general meeting Björn Lindberg was elected as ordinary member and Henri Peltomäki as deputy member. Yana Augustsson left her position in the board on April 7.

Repurchase of the bond

Bonds with a nominal amount of SEK 13,750 thousand were repurchased during the third quarter.

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 - 31 st Dec 2021	Q4 2021	1 st Jan - 31 st Dec 2020	Q4 2020
Net sales	411 965	100 909	306 262	87 430
Cost of goods sold	-281 276	-67 445	-214 187	-69 791
Gross profit	130 689	33 464	92 075	17 639
Selling expenses	-18 144	-4 491	-16 868	-4 278
Administrative expenses	-25 414	-6 286	-24 645	-5 224
Research and development costs	-37 488	-10 507	-28 486	-6 686
Other operating income	4 097	350	3 411	465
Operating profit (loss)	53 742	12 530	25 487	1 916
Financial income	43	3	249	22
Financial expenses	-29 121	-7 239	-29 926	-8 048
Interest expenses from lease liabilities	-1 753	-403	-2 423	-647
Net financial items	-30 831	-7 639	-32 101	-8 673
Profit (loss) after financial items	22 912	4 892	-6 613	-6 757
Profit (loss) before tax	22 912	4 892	-6 613	-6 757
Income tax	-6 006	1 194	-1 490	1 007
Net result for the period	16 906	6 086	-8 104	-5 751

Other comprehensive income

KSEK	1 st Jan - 31 st Dec 2021	Q4 2021	1 st Jan - 31 st Dec 2020	Q4 2020
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences from translation of foreign operations	6 821	1 267	-3 305	-2 553
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of the net pension obligation	474	474	88	88
Income tax attributable to the above item	-98	-98	-18	-18
Other comprehensive income for the period, after tax	7 197	1 644	-3 235	-2 483
Total comprehensive income for the period	24 103	7 729	-11 339	-8 234

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 st Dec 2021	31 st Dec 2020
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Customers relationships	143 085	151 529
Trade name	143 633	143 633
Goodwill	257 024	257 024
Capitalised expenditure for development activities	23 684	13 245
Advanced for development activities	4 062	195
Total intangible assets	571 488	565 626
<i>Tangible assets</i>		
Plant and machinery	28 821	19 956
Right-of-use assets	50 364	42 116
Equipment, tools, fixtures and fittings	13 331	22 010
Total intangible assets	92 516	84 082
Total non-current assets	664 004	649 708
Current assets		
<i>Inventories</i>		
Raw materials and consumables	47 113	33 049
Work-in-progress	937	1 244
Finished goods and goods for resale	21 309	15 589
Total inventories	69 360	49 882
<i>Current receivables</i>		
Trade receivables	77 765	60 762
Current tax asset	2 360	-
Other receivables	27 621	5 088
Prepaid expenses and accrued income	12 044	9 873
Cash and cash equivalents	49 413	60 812
Total current receivables	169 203	136 535
Total current assets	238 563	186 417
TOTAL ASSETS	902 567	836 125

Condensed consolidated Balance Sheet

KSEK	31 st Dec 2021	31 st Dec 2020
EQUITY		
Equity attributable to Parent Company's shareholders		
Share capital	500	500
Other contributed capital	325 000	325 000
Reserves	3 896	-2 925
Retained earnings (incl. profit/(loss) for the period)	14 798	-2 109
Total equity attributable to the shareholders of the Parent Company	344 193	320 466
LIABILITIES		
Non-current liabilities		
Bond loan	-	345 666
Lease liabilities	36 995	30 024
Provisions for pensions and similar obligations	4 203	4 778
Deferred tax liabilities	61 584	63 047
Other provisions	950	950
Total non-current liabilities	103 732	444 465
Current liabilities		
Bond loan	334 236	-
Current financial liabilities	11 853	-
Lease liabilities	14 775	14 206
Trade payables	41 591	28 690
Tax liabilities	-	4 553
Other current liabilities	7 021	5 414
Invoiced income - not yet accrued	25 571	1 041
Accrued costs and prepaid income	19 595	17 290
Total current liabilities	454 642	71 194
Total liabilities	558 374	515 659
TOTAL EQUITY AND LIABILITIES	902 567	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
Q4 2020					
Starting balance as at 1 st of Oct 2020	500	325 000	-447	3 642	328 695
Net profit for the period Oct - Dec 2020	-	-	-	-5 751	-5 751
Other comprehensive income for the period	-	-	-2 478	-	-2 478
Total comprehensive income for the period	-	-	-2 478	-5 751	-8 229
Closing balance as of 31st December 2020	500	325 000	-2 925	-2 109	320 466
Q4 2021					
Starting balance as of 1 st Oct 2021	500	325 000	2 629	8 713	336 841
Net profit for the period Oct - Dec 2021	-	-	-	6 085	6 085
Other comprehensive income for the period	-	-	1 267	-	1 267
Total comprehensive income for the period	-	-	1 267	6 085	7 352
Closing balance at 31st December 2021	500	325 000	3 896	14 798	344 193

Consolidated Cash Flow Statement

KSEK	1 st Jan 2021 – 31 st Dec 2021	1 st Okt 2021 – 31 st Dec 2021	1 st Jan 2020 – 31 st Dec 2020	1 st Okt 2020 – 31 st Dec 2020
Cash flow from operating activities				
Operating profit (loss)	53 742	12 530	25 487	1 912
<i>Adjustment for non-cash items</i>				
- Other non-cash items	1 102	-953	-1 435	378
- Depreciation of tangible and intangible assets	36 742	9 282	35 881	9 260
Interest received	43	2	250	23
Interest paid	-28 494	-6 847	-30 140	-6 135
Income taxes paid	-14 467	3 180	1 802	760
Cash flow from operating activities before changes in working capital	48 668	17 194	31 845	6 198
Cash flow before changes in working capital				
Increase/decrease of inventories	-19 478	-6 163	62	-4 530
Increase/decrease of trade receivables	-17 003	-4 412	12 495	-5 673
Increase/decrease of other current receivables	-24 704	-16 256	-2 047	-1 053
Increase/decrease of trade payables	12 901	11 847	3 219	5 474
Increase/decrease of other current payables	28 442	23 461	-2	748
Total changes in working capital	-19 842	8 477	13 727	-5 034
Cash flow from operating activities	28 826	25 671	45 572	1 165
Cash flow from investing activities				
Investment in intangible assets	-13 218	-4 742	-10 828	-1 167
Investment in property, plant and equipment	-13 066	-7 386	-18 253	-12 621
Cash flow from investing activities	-26 284	-12 128	-29 081	-13 788
Cash flow from financing activities				
Increase/decrease of current financial liabilities	11 853	11 853	-	-
Rebuy of bond	-13 750	-	-	-
Repayment of leasing debt	-14 363	-3 666	-12 656	-3 151
Cash flow from financing activities	-16 260	8 187	-12 656	-3 151
Decrease/increase of cash and cash equivalents				
Opening cash and cash equivalents	60 812	26 866	58 069	77 467
Net cash flow during the period	-13 717	21 730	3 836	-15 773
Exchange rate differences in cash and cash equivalents	2 318	816	-1093	-882
Closing cash and cash equivalents	49 413	49 413	60 812	60 812

Parent Company Income Statement

KSEK	1 st Jan 2021 – 31 st Dec 2021	Q4 2021	1 st Jan 2020 – 31 st Dec 2020	Q4 2020
Net sales	11 040	2 760	11 040	2 760
Gross profit	11 040	2 760	11 040	2 760
Administrative expenses	-1 300	-422	-2 063	-912
Operating profit (loss)	9 740	2 338	8 977	1 848
Profit (loss) from financial items				
Financial expenses	-28 902	-7 235	-29 257	-7 613
Net financial items	-28 902	-7 235	-29 257	-7 613
Profit (loss) after financial items	-19 161	-4 897	-20 280	-5 765
Group contribution	44 225	44 225	20 291	20 291
Profit (loss) before tax	25 064	39 328	12	14 526
Tax for the period	-7 320	-7 239	-3 582	-6 687
Net result for the period	17 744	32 089	-3 571	7 839

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	31 st Dec 2021	31 st Dec 2020
ASSETS		
Non-current assets		
<i>Financial assets</i>		
Participation in Group companies	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	268 493	265 968
Current tax asset	5 375	50
Prepaid expenses and accrued income	3 617	3 568
Total current assets	277 485	269 586
Cash and bank	267	363
Total current assets	277 752	269 949
TOTAL ASSETS	698 645	690 842

Parent Company Balance Sheet

KSEK	31 st Dec 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	17 744	-3 571
Total equity	346 175	328 431
UNTAXED RESERVS		
Accrued fund	4 143	4 143
Total untaxed reservs	4 143	4 143
LIABILITIES		
Non-current liabilities		
Bond loan	-	345 666
Total non-current liabilities	-	345 666
Current liabilities		
Bond-loan	334 236	-
Trade payables	141	110
Current tax liabilities	11 231	9 519
Other liabilities	838	912
Accrued expenses and prepaid income	1 881	2 061
Total current liabilities	348 327	12 602
Total liabilities	348 327	358 268
TOTAL EQUITY AND LIABILITIES	698 645	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 – Dec 2021	Q4 2021	Jan – Dec 2020	Q4 2020
Revenue from contracts with customers	411 965	100 909	306 262	87 430
Total revenue	411 965	100 909	306 262	87 430

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 – Dec 2021	Q4 2021	Jan – Dec 2020	Q4 2020
Ignition systems and components	400 864	95 789	301 468	85 932
Design and Development services	11 101	5 120	4 794	1 498
Total	411 965	100 909	306 262	87 430

Note 3 Cost broken down by type of cost

	Jan – Dec 2021	Q4 2021	Jan – Dec 2020	Q4 2020
Raw materials and consumables	-173 116	-39 695	-128 539	-40 583
Employee benefits	-105 994	-27 038	-91 794	-23 258
Capitalized development hours	6 589	2 179	8 083	2 589
Depreciation of tangible assets	-12 292	-2 121	-12 999	-3 347
Depreciation of right-of-use assets	-15 597	-4 903	-14 364	-3 787
Depreciation of intangible assets	-8 853	-2 258	-8 519	-2 126
Other external costs	-53 056	-14 893	-36 054	-15 467
Total operating costs	-362 319	-88 729	-284 186	-85 979

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 and is thus to be regarded as a current liability in the annual accounts 2021. The bond runs 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 31st of December 2021.

	Carrying amount 1 st Jan 2021	Fair value 1 st Jan 2021	Carrying amount 31 st Dec 2020	Fair value 31 st Dec 2020
Bond loan	334 236	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 2021-12-31.

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/Purchases of services	1 st Jan 2021 – 31 st Dec 2021	1 st Jan 2021 – 31 st Dec 2021	1 st Jan 2020 – 31 st Dec 2020	1 st Jan 2020 – 31 st Dec 2020
Sales of administration services to the subsidiaries	11 040	2 760	11 040	2 760
Purchase of services from companies controlled by senior executive	17	14	55	15

<i>Receivables related parties</i>	31 st Dec-2021	31 st dec-2020
<i>Receivables Swedish Electromagnet Holding AB</i>		
Start balance	246 457	246 457
Amounts repaid	-3 500	-
Ending balance	242 957	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)	24 386	20 291
Ending balance	24 386	18 361
At year-end	267 343	264 818
<i>Debt to related parties</i>		
<i>Debt to SEM AB</i>		
Starting balance	-	-
New debt (group contribution received, paid)	17 339	-
Amounts repaid	-17 339	-
Ending blance	-	-
Total at year-end	-	-

Not 6 Reconciliation of Key figures and ratios

Reconciliation of EBITDA, KSEK	1 st Jan - 31 st Dec 2021	Q4 2021	1 st Jan - 31 st Dec 2020	Q4 2020
Operating profit (loss)	53 742	12 530	25 487	1 916
Depreciations of intangible assets	8 853	2 258	8 514	2 126
Depreciations of right-to-use-assets	15 597	4 903	14 364	3 787
Depreciations of tangible assets	12 292	2 121	12 999	3 347
EBTIDA	90 483	21 811	61 368	11 177

Reconciliation of adjusted EBITDA

EBITDA	90 483	21 811	61 368	11 177
Repayment AFA insurance	-2 000	-	-	-
Adjusted EBITDA	88 483	21 811	61 368	11 177

Reconciliation of net debt

	31 st Dec 2021	31 st Dec 2020
Bond loans	334 236	345 666
Lease liability (non-current and current) according to IAS17	22 892	21 715
Credit facility	11 853	-
Cash and cash equivalents	-49 413	-60 812
Net debt	319 568	306 569

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 February 2022

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

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

Financial calendar 2022

Annual report 2021 is published on the 29th of April 2022.

Interim Report Q1 2022 is published on the 31st of May 2022.

Interim Report Q2 2022 is published on the 31st of August 2022.

Interim Report Q3 2022 is published on the 30th of November 2022.

Contact

IRcontact@sem.se

Website

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