

Swedish Electromagnet Invest AB (publ.)

559153-6510

Year-End Report and Interim Report January – December 2024



Group overview

Swedish Electromagnet Invest AB (publ.)¹ is a globally leading supplier of electromagnetic applications, with over 100 years of experience and deep knowledge. We manufacture advanced hydrogen and alternative fuel ignition systems, injector stators and linear position sensors for commercial vehicles and stationary engines, as well as small engine systems for premium forestry hand tools.

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, Senfusion AB in Sweden and the branch SEM Technology Central Europe AB Zweigniederlassung Freiburg, Tyskland.

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Fourth quarter, October – December 2024

- Net sales amounted to 108 980 (179 791) KSEK.
- The operating profit/loss amounted to -2 620 (20 613) KSEK.
- The cash flow from operating activities amounted to 19 423 (31 697) KSEK.

Reporting period, January - December 2024

- Net sales amounted to 548 091 (538 307) KSEK.
- The operating profit/loss amounted to 64 318 (74 718) KSEK.
- The cash flow from operating activities amounted to 55 159 (63 573) KSEK.

Development in the fourth quarter 2024

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 – 31th December 2024.

Key figures and ratios

KSEK	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Net sales	548 091	108 980	538 307	179 791
EBITDA	101 984	7 478	109 930	29 433
Adjustment to EBITDA ¹⁾	15 865	13 781	253	-2 904
EBITDA (adj.) ¹⁾	117 849	21 259	110 183	26 529
Operating profit	64 318	-2 620	74 718	20 613
Net result for the period	28 229	-6 448	39 719	4 304
Net Debt ²⁾	267 508	267 508	278 366	278 366
Return on equity ³⁾ , %	8,1%	-2,1%	13,3%	1,5%
Return on total assets ³⁾ , %	6,0%	-0,3%	8,1%	2,1%
Equity/assets ratio, %	46,0%	46,0%	42,4%	42,4%

1) Adjustments include non-recurring figures to enable better comparison of underlying development in the business. Adjustments during Q4 2024 and during the period 1st of January to 31th of December 2024 including refinancing costs 2 720 (124) KSEK and 2 914 (3 281) KSEK, relocation costs 2 914 (548) KSEK, 1 756 (548) KSEK and reduction of employer contributions R&D -992 (-3 576) and -992 (-3 576) and warranty costs 10 296 (0) and 10 296 (0). Please see Note 6 for further details.

2) End of period. Please see Note 6 for details regarding Net Debt.

3) Figures regarding Q4 2024 and period Jan – Dec 2024 and comparable figures in 2023. Please see "Definitions" for further details.

In the event that something differs between this English translation and the Swedish original of Swedish Electromagnet Invest AB (publ.) Interim Report for January - December 2024, the Swedish original takes precedence.

Comments from the CEO

The fourth quarter was characterized by strong demand and good sales of both ignition systems, sensors and stators on the European and North American markets. In line with expectations, we have seen weak demand and low sales in China. The market for professional handheld equipment has continued to be relatively weak.

The decline in China is due to customers and truck dealers having large inventories, as well as our customers seeing increased competition in the natural gas engine segment. However, the underlying market remains. The total number of natural gas trucks sold in China increased slightly in 2024 compared to 2023. The price difference between natural gas and diesel continues to maintain a level that favors natural gas trucks. Inventory levels at our customers are now beginning to approach normal levels. We believe we have seen the bottom in the fourth quarter and expect sales in China to slowly start to recover in the first quarter of 2025. However, the development of the market in China is very uncertain, even in the short term. In Europe and the US, we believe, based on our customers' forecasts, that the good demand in the last quarter of 2024 will continue in the first quarter of the new year.

The move into our new factory in China is going according to plan. All equipment has been moved to the new factory and work to start production is underway.

For quarter 4, sales amounted to SEK 109 million (SEK 180 million in 2023). The deviation to sales in Q4 2023 is in line with our expectations and is entirely due to the slowdown in China. Reported EBITDA amounted to SEK 7 million (SEK 29 million in 2023). EBIT amounted to -3 MSEK (21 MSEK in 2023). Profitability is negatively affected compared to 2023 due to lower sales in China and that we added an extraordinary increase to the group's warranty provision of SEK 10 million related to the risk regarding an identified error on ignition coils produced in China in 2023 which were delivered to customers in 2023 and 2024. Our production process for the ignition coils has been changed since the beginning of 2024, which has fixed the error on subsequently produced items.

For the full year, we achieve sales of SEK 548 million (SEK 538 million in 2023). Reported EBITDA for the full year lands at SEK 102 million (adjusted SEK 118 million), to be compared with SEK 110 million (adjusted SEK 110 million) in 2023. EBIT amounted to SEK 64 million (SEK 75 million in 2023). The lower margin is due to the already mentioned extraordinary warranty provision.

The cash flow for current operations is positive both for the quarter, SEK 19 million (SEK 32 million), and for the full year, SEK 55 million (SEK 64 million). After investments and amortization, the cash flow is negative both in the quarter, SEK -7 million (SEK 18 million in 2023) and in the full year SEK -7 million (SEK 15 million in 2023). During the year, we amortized the bond loan with SEK 16 million.

We are following the buyback plan for the bond. The net debt, calculated according to the bond terms, is SEK 268 million at the end of the fourth quarter (SEK 278 million in 2023).

Working capital is higher at the end of the period compared to the end of Q4 2023. Inventory has increased to cover deliveries during the relocation period in China. The moving stock will now be reduced as we deliver it while we get the new factory in order. Even in Sweden, the stock, especially of electronic components, has increased as a result of low demand from China.

We look back on an eventful year with a factory move in China, ramping up of new products in Sweden and full speed in the development of SEM's new FlexiSpark® ignition system. We have succeeded in expanding our customer base with two major European truck manufacturers who want our ignition systems for their hydrogen powered engines. This at the same time as we delivered a record turnover of SEK 548 million.

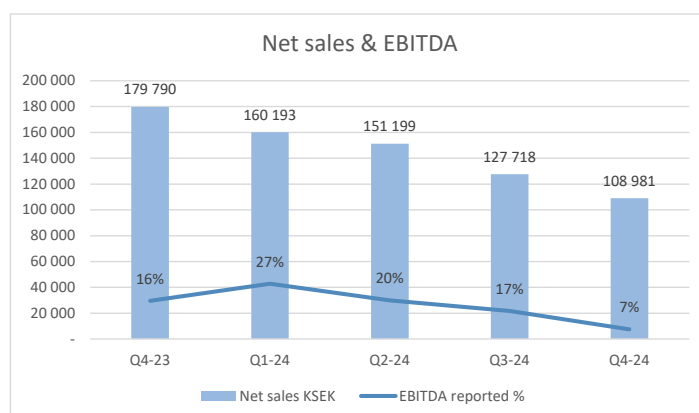
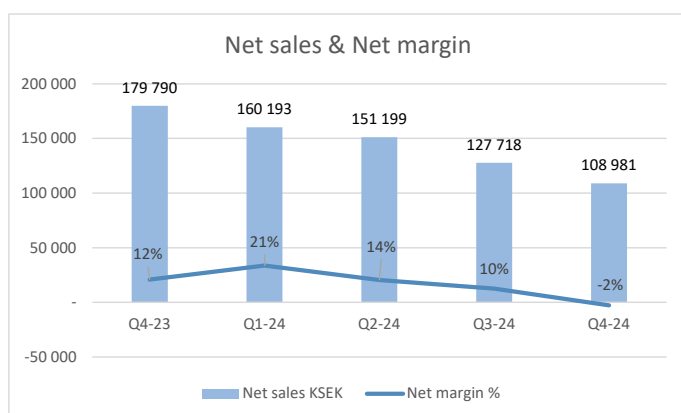
Magnus Hellström
CEO

Financial overview

Sales and profit fourth quarter 2024 and the period Jan – Dec 2024

Sales in fourth quarter 2024 totalling SEK 108 980 (179 791) thousand and in the period Jan – Dec 2024 to SEK 548 091 (538 307) thousand. The reported operating profit totalling SEK 64 318 (12%) (74 718 (14%)) thousand.

Reported EBITDA totalling SEK 7 478 (29 433) thousand in fourth quarter 2024 and SEK 101 984 (109 930) thousand the period Jan – Dec 2024. Adjusted EBITDA totalling SEK 21 259 (26 529) thousand in fourth quarter 2024 and SEK 117 849 (110 183) thousand in the period Jan – Dec 2024.



Investments

In the fourth quarter 2024, the group made total investments affecting cash flow of SEK -3 942 (12 021) thousand. It includes a positive capitalized effect from payment for development work from a new customer

During the period January – December 2024, the group has made total cash flow-affecting investments of SEK 24 624 (28 029) thousand. It referred to product development in both gas ignition systems for the stationary market as well as in Flexispark ® and Pencilcoi, which is SEM's new gas ignition systems optimized for internal combustion engines powered by hydrogen, among others.

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 2024 of 0,1 (-1,0) SEK million and the period Jan – Dec 2024 0,1 (0,1) MSEK for the Group. 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. 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 in our continuous impairment test is that 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 profitable sales growth and the discount rate are the most significant assumptions in the impairment test. A discount rate before tax of 11,5% (12,1%) 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 12,6%,
- 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 2024

Cash flow from operating activities 55 159 (63 573).
Cash flow from investing activities -24 478 (-28 209).
Cash flow from financing activities -37 180 (-20 711).
Cash flow for the period -6 499 (14 653).

Quarter 4 2024

Cash flow from operating activities 19 423 (31 697).
Cash flow from investing activities 3 942 (-12 021).
Cash flow from financing activities -29 919 (-2 023).
Cash flow for the period -6 554 (17 653).

The cash flow from operating activities for quarter 4 2024, 19 423 (31 697) KSEK, and for the period Jan - Dec 2024, 55 159 (63 573) KSEK, is primarily positively impacted by lower accounts receivables.

The cash flow from investment activities for quarter 4 2024, 3 942 (-12 021) KSEK, include a positive capitalized effect from payment for development work from a new customer. Cash flow from investment activities for the period Jan - Dec 2024, -24 478 (-28 209) KSEK referred to product development in both gas ignition systems for the stationary market as well as in Flexispark ®and Pencilcoi, which is SEM's new gas ignition systems optimized for internal combustion engines powered by hydrogen, among other.

The cash flow from financing activities for quarter 4 2024, -29 919 (-2 023) KSEK, and for the period Jan - Dec 2024, -37 180 (-20 711) KSEK, is negative and mainly refers to the amortization of the bond and repayment of credit facility in Sweden.

Cost regarding salaries, social security and pension

The personnel cost for salary, social security and pensions amounted to SEK 32 270 (31 255) thousand during the fourth quarter 2024 and SEK 134 513 (118 055) thousand during the period Jan – Dec 2024.

During the fourth quarter 2024 the cost split with SEK 24 230 (21 407) thousand in Sweden, SEK 425 (360) thousand in Germany, SEK 7 061 (8 962) thousand in China and SEK 554 (525) thousand in USA. During Jan - Dec 2024 the split was SEK 99 675 (86 320) thousand in Sweden, SEK 1 523 (1 408) thousand in Germany, SEK 31 096 (28 144) thousand in China and SEK 2 218 (2 183) thousand in US.

At the end of the period the number of fulltime employees (FTE) in the group amounted to in total 228 (241) off which 47% (54%) women and 53% (46%) men.

Parent Company

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 38 810 (26 991) thousand in fourth quarter 2024 and SEK 27 884 (24 283) thousand in the period 1st of January to 31th of December 2024. The Parent Company's operations include certain group-wide functions regarding management, strategy and financing.

Parent Company assets totalled 759 477 (738 206) KSEK, 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 350 000 KSEK. The bond terms have been updated and the bond now runs in accordance with these terms through 30th June 2026. The number of shares totalled 2 000 000 as at 31th of December 2024. The main shareholder is Procuritas Capital Investors V L.P. with 58,11 % of votes and capital.

SWEDISH ELECTROMAGNET INVEST AB (PUBL) REPURCHASE BONDS

In accordance with the updated bond terms for its outstanding bond loan 2018/2023 with ISIN SE0011167600 (the "Bonds"), Swedish Electromagnet Invest AB (publ) has undertaken to repurchase Bonds on the secondary market or in some other way.

Bond holders who would like more information or who are interested in repurchasing are kindly asked to contact our CFO, Cicilia Ax, at the email address or telephone number below:

Email: cicilia.ax@sem.se

Phone: +46 70 616 11 34

Events in reporting period

As stated in the report for the second quarter of 2024, the Company has been informed that its main owner, funds controlled by Procuritas, is considering and evaluating a sale process regarding the Company.

Events after the reporting period

No essential events after the end of the reporting period.

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 2023.

Financial reports

Condensed consolidated Income Statement

KSEK	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Net sales	548 091	108 980	538 307	179 791
Cost of goods sold	-388 694	-86 747	-384 906	-143 385
Gross profit	159 397	22 233	153 401	36 406
Selling expenses	-24 703	-6 096	-23 701	-7 283
Administrative expenses	-36 493	-10 268	-33 107	-7 263
Research and development costs	-41 209	-10 735	-30 712	-4 335
Other operating income	7 387	2 307	8 855	3 088
Other operating expenses	-61	-61	-18	-
Operating profit (loss)	64 318	-2 620	74 718	20 613
Financial income	1 345	440	1 040	242
Financial expenses	-27 647	-6 751	-23 087	-14 009
Interest expenses from lease liabilities	-1 607	-353	-1 473	-446
Net financial items	-27 909	-6 664	-23 520	-14 213
Profit (loss) after financial items	36 409	-9 284	51 198	6 400
Profit (loss) before tax	36 409	-9 284	51 198	6 400
Income tax	-8 180	2 836	-11 479	-2 096
Net result for the period	28 229	-6 448	39 719	4 304

Other comprehensive income

KSEK	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences from translation of foreign operations	5 893	5 406	-3 619	-3 012
<i>Items that will not be reclassified to profit or loss</i>				
Revaluation of the net pension obligation	-366	-366	-137	-137
Income tax attributable to the above item	75	75	28	28
Other comprehensive income for the period, after tax	5 602	5 115	-3 729	-3 121
Total comprehensive income for the period	33 831	-1 333	35 990	1 183

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 th Dec 2024	31 th Dec 2023
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Customers relationships	117 753	126 197
Trade name	143 633	143 633
Goodwill	257 024	257 024
Capitalised expenditure for development activities	41 390	2 055
Ongoing development work	13 804	47 415
Total intangible assets	573 605	576 324
<i>Tangible assets</i>		
Plant and machinery	28 637	29 190
Right-of-use assets	38 210	48 961
Equipment, tools, fixtures and fittings	21 225	13 912
Total intangible assets	88 072	92 063
<i>Financial assets</i>		
Deferred tax assets	7 027	1 254
Other long-term receivables	33	32
Total financial assets	7 060	1 286
Total non-current assets	668 737	669 673
Current assets		
<i>Inventories</i>		
Raw materials and consumables	100 435	71 961
Work-in-progress	1 601	4 487
Finished goods and goods for resale	46 115	31 986
Total inventories	148 151	108 434
<i>Current receivables</i>		
Trade receivables	83 908	113 008
Current tax asset	5 474	1 453
Other receivables	6 581	16 060
Prepaid expenses and accrued income	2 963	4 960
Cash and cash equivalents	57 919	62 728
Total current receivables	156 845	198 209
Total current assets	304 996	306 643
TOTAL ASSETS	973 732	976 316

Condensed consolidated Balance Sheet

KSEK
EQUITY

31th Dec 2024

31th Dec 2023

Equity attributable to Parent Company's shareholders

Share capital	500	500
Other contributed capital	345 000	345 000
Reserves	10 677	5 076
Retained earnings (incl. profit/(loss) for the period)	91 814	63 585
Total equity attributable to the shareholders of the Parent Company	447 991	414 160

LIABILITIES

Non-current liabilities

Bond loan	293 858	295 494
Lease liabilities	27 623	35 021
Provisions for pensions and similar obligations	3 069	2 994
Deferred tax liabilities	54 355	56 107
Other provisions	950	950
Total non-current liabilities	379 855	390 566

Current liabilities

Bond loan	9 000	16 000
Credit facility	11 162	15 676
Lease liabilities	11 501	15 592
Advanced from customer	0	1 312
Trade payables	46 752	72 248
Other current liabilities	11 337	13 634
Invoiced income - not yet accrued	4 518	4 948
Accrued costs and prepaid income	51 616	32 180
Total current liabilities	145 886	171 590
Total liabilities	525 741	562 156
TOTAL EQUITY AND LIABILITIES	973 732	976 316

Consolidated statement of changes in equity

Amounts in KSEK	Share Capital	Other contributed capital	Reserves	Losses carried forward/ Retained earnings, including profit (loss) for the period	Total shareholders equity
Q4 2023	Attributable to shareholders of the Parent Company				
Starting balance as at 1st Oct 2023	500	345 000	8 197	59 281	412 977
Net profit for the period Oct - Dec 2023	-	-	-	4 304	4 303
Other comprehensive income for the period	-	-	-3 121	-	-3 121
Total comprehensive income for the period	-	-	-3 121	4 304	1 183
Closing balance as at 31st Dec 2023	500	345 000	5 076	63 585	414 160
Q4 2024					
Starting balance as at 1st Oct 2024	500	345 000	5 562	98 262	449 323
Net profit for the period Oct - Dec 2024	-	-	-	-6 448	-6 448
Other comprehensive income for the period	-	-	5 115	-	5 115
Total comprehensive income for the period	-	-	5 115	-6 448	-1 333
Closing balance as at 31st Dec 2024	500	345 000	10 677	91 814	447 991

Consolidated Cash Flow Statement

KSEK	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Cash flow from operating activities				
Operating profit (loss)	64 318	-2 619	74 718	20 613
<i>Adjustment for non-cash items</i>				
- Other non-cash items	2 222	4 445	-2 258	-3 287
- Depreciation of tangible and intangible assets	37 667	10 098	35 215	8 821
Interest received	1 345	440	1 040	242
Interest paid	-18 794	-779	-18 062	-6 885
Income taxes paid	-19 665	-257	-15 277	-1 320
Cash flow from operating activities before changes in working capital	67 093	11 328	75 376	18 184
Cash flow before changes in working capital				
Increase/decrease of inventories	-39 717	-8 786	-12 449	-14 544
Increase/decrease of trade receivables	29 100	14 648	-39 513	11 121
Increase/decrease of other current receivables	11 476	4 105	-13 673	-11 380
Increase/decrease of trade payables	-25 496	-9 645	42 549	17 613
Increase/decrease of other current payables	12 703	7 773	11 283	10 703
Total changes in working capital	-11 934	8 095	-11 803	13 513
Cash flow from operating activities	55 159	19 423	63 573	31 697
Cash flow from investing activities				
Investment in intangible assets	-7 378	7 519	-11 633	-2 440
Investment in property, plant and equipment	-17 246	-3 577	-17 246	-10 268
Investment in other financial assets	-	-	-16	1
Financial assets	146	-	686	686
Cash flow from investing activities	-24 478	3 942	-28 209	-12 021
Cash flow from financing activities				
Shareholder contribution	-	-	20 000	-
Increase/ decrease of current financial liabilities	-4 514	-14 639	4 260	5 775
Repurchase bond	-2 501	-	-18 664	-4 596
Amortization bond	-13 903	-11 000	-11 888	-5 000
Loan expenses refinancing	-	-	-	5 360
Repayment of leasing debt	-16 263	-4 280	-14 419	-3 562
Cash flow from financing activities	-37 180	-29 919	-20 711	-2 023
Decrease/increase of cash and cash equivalents				
Opening cash and cash equivalents	62 728	63 248	49 151	46 331
Net cash flow during the period	-6 499	-6 554	14 653	17 653
Exchange rate differences in cash and cash equivalents	1 691	1 225	-1 076	-1 256
Closing cash and cash equivalents	57 919	57 919	62 728	62 728

Parent Company Income Statement

KSEK	1st Jan - 31h Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Net sales	11 040	2 760	11 040	2 760
Gross profit	11 040	2 760	11 040	2 760
Administrative expenses	-6 125	-3 499	-5 443	-465
Operating profit (loss)	4 915	-739	5 597	2 295
Profit (loss) from financial items				
Financial income	66	10	1 097	223
Other financial income	146	-	-	-
Financial expenses	-17 995	-5 238	-15 259	-7 053
Other financial expenses	-7 913	-1 083	-6 482	-6 482
Net financial items	-25 696	-6 311	-20 644	-13 312
Profit (loss) after financial items	-20 781	-7 050	-15 047	-11 017
Group contribution	55 800	55 800	45 500	45 500
Profit (loss) before tax	35 019	48 750	30 453	34 483
Tax for the period	-7 134	-9 940	-6 169	-7 492
Net result for the period	27 884	38 810	24 283	26 991

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

	31th Dec 2024	31 st Dec 2023
ASSETS		
Non-current assets		
<i>Financial assets</i>		
Participation in Group companies	420 893	420 893
Deferred tax assets	2 965	1 335
Total financial assets	423 858	422 228
Total non-current assets	423 858	422 228
Current assets		
<i>Current receivables</i>		
Receivables from Group companies	321 362	305 312
Current tax asset	7 392	7 386
Prepaid expenses and accrued income	258	167
Total current assets	329 012	312 865
Cash and bank	6 607	3 113
Total current assets	335 619	315 978
TOTAL ASSETS	759 477	738 206

Parent Company Balance Sheet

KSEK	31th Dec 2024	31 st Dec 2023
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	500	500
Non-restricted equity		
Retained earnings	403 329	379 046
Profit/(loss) for the period	27 884	24 283
Total equity	431 713	403 829
UNTAXED RESERVS		
Accrued fund	4 143	4 143
Total untaxed reserves	4 143	4 143
LIABILITIES		
Non-current liabilities		
Bond loan	293 858	295 494
Total non-current liabilities	293 858	295 494
Current liabilities		
Bond loan minus acquisition costs	9 000	16 000
Trade payables	240	50
Liabilities to Group companies	6 019	6 019
Current tax liabilities	8 792	9 043
Other liabilities	283	876
Accrued expenses and prepaid income	5 429	2 753
Total current liabilities	29 763	34 740
Total liabilities	323 621	330 234
Total equity and liabilities	759 477	738 206

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.

SEM operates at technical excellence, innovation and environmental awareness. SEM delivers high-quality, reliable solutions to selected markets globally. A tradition that stretches back 100 years. Our position at the forefront of technology is supported by close collaboration with customers, universities and research centers. We are continuously researching topics such as how to provide robust ignition, combustion diagnostics for engine control and optimizing engine performance. Long-term focus on research is an important success factor for SEM.

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 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 and Senfusion AB in Sweden.

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.

Government grants are reported at fair value as there is reasonable assurance that the grants will be received, and the Group will meet the conditions associated with the grants. Grants received before the conditions for reporting as income have been met, are reported as a liability. Government grants are reported in the items Cost of goods sold, Sales, Administration and Research and development costs in the statement of comprehensive income depending on the function in which the cost that the grants are intended to compensate for is reported. Otherwise the applied accounting principles are in accordance with those described in Swedish Electromagnet Invest AB's annual report for 2023.

Note 2 Net Sales

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

	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Revenue from contracts with customers	548 091	108 980	538 307	179 791
Total revenue	548 091	108 980	538 307	179 791

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

	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Ignition systems and components	533 970	101 546	522 800	177 646
Design and Development services	14 121	7 434	15 507	2 145
Total	548 091	108 980	538 307	179 791

Note 3 Cost broken down by type of cost

	1st Jan - 31st Dec 2024	Q4 2024	1st Jan - 31st Dec 2023	Q4 2023
Raw materials and consumables	-258 167	-47 015	-241 570	-83 167
Employee benefits	-134 513	-32 270	-118 055	-31 255
Depreciation of tangible assets	-13 359	-4 124	-11 363	-1 483
Depreciation of right-of-use assets	-15 863	-3 863	-14 467	-4 288
Depreciation of intangible assets	-8 444	-2 111	-9 384	-3 049
Other external costs	-60 753	-24 463	-77 605	-38 802
Total operating costs	-491 099	-113 846	-472 444	-162 045

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 after extension until June 30, 2026.

For updated bond terms and details, refer to the website www.sem.se under Investor Relations.

The next mandatory instalment of SEK 9 million is due for payment on 30 September 2025.

Funding and liquidity

The group's bond loan expires by agreement on April 26, 2023 with an extension to June 30, 2026

	Carrying amount 31st Dec 2024	Fair value 31 st Dec 2024	Carrying amount 31st Dec 2023	Fair value 31st Dec 2023
Bond loan	302 858	281 658	311 494	288 236

Fair value of the bond loan has been valued at level 1 of the fair value hierarchy, ie the quoted market price per 2024-12-31. The carrying amount has been calculated using the effective interest rate method and refers to the liability as of 2024-12-31, provided that the bond loan has a maturity of the entire contract period and will not be redeemed until 30 June 2026 at a price of 109.

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	1st Jan - 31th Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Administration services from the Parent Company	11 040	2 760	11 040	2 760
Total	11 040	2 760	11 040	2 760

Related party transaction - Parent company

<i>Loans to related parties</i>	31th Dec 2024	31th Dec 2023
<i>Loan to Swedish Electromagnet Holding AB (pledged)</i>		
Starting balance	246 476	246 476
Amounts repaid	-	-
Reclassification to other liabilities to group companies	-	-
Ending balance	246 476	246 476
<i>Loan to SEM AB</i>		
Starting balance	57 686	44 586
Amounts repaid	-38 600	-32 400
Loans raised during the year (group contribution, given, not paid)	55 800	45 500
Ending balance	74 886	57 686
Total at end of period	321 362	304 162
<i>Loan from related parties</i>	31th Dec 2024	31th Dec 2023
<i>Loan from Swedish Electromagnet Holding AB</i>		
Starting balance	-6 019	-6 019
Reclassification from loan, group	-	-
New debt	-	-
UB	-6 019	-6 019
Total at end of period	-6 019	-6 019

Note 6 Reconciliation of Key figures and ratios

Reconciliation of EBITDA, KSEK	1st Jan - 31h Dec 2024	Q4 2024	1st Jan - 31th Dec 2023	Q4 2023
Operating profit (loss)	64 318	-2 620	74 718	20 613
Depreciations of intangible assets	8 444	2 111	8 444	2 111
Depreciations of right-to-use-assets	15 863	3 863	14 467	4 288
Depreciations of tangible assets	13 359	4 124	12 301	2 421
EBTIDA	101 984	7 478	109 930	29 433

Reconciliation of adjusted EBITDA

EBITDA	101 984	7 478	109 930	29 433
Relocation costs	3 647	1 756	548	548
Warranty costs ¹⁾	10 296	10 296	-	-
Reduction of employer contributions R&D	-992	-992	-3 576	-3 576
Transaction costs (incl. refinancing)	2 914	2 721	3 281	124
Adjusted EBITDA	117 849	21 259	110 183	26 529

Reconciliation of net debt²⁾

	31th Dec 2024	31th Dec 2023
Bond loans	302 858	311 494
Lease liability (non-current and current) according to IAS17	7 208	10 057
Credit facility	11 162	15 676
Cash and cash equivalents ³⁾	-53 720	-58 861
Net debt	267 508	278 366

Figures regarding Q4 2024 and Q4 2023. Please see "Definitions" for further details.

1) Warranty case regarding coils in China produced in 2023 of 10 296 (-) KSEK which in connection with exceptional ramp-up amounts to abnormal levels. The reserve has been calculated based on statistics to cover all coils that have broken and are at risk of failure in the field within the warranty period. Quality problem fixed in production since January 2024.

2) Net debt according to Bond Terms.

3) Per 31st December 2024 excluding 1,789 (1,638) MSEK in separate bank account from Energimyndigheten and 2,410 (2,229) 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.

EBITDA¹⁾

Profit before interest, tax, depreciation and amortization.

EBITDA (adj)¹⁾

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 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 28th February 2025

Halvar Jonzon
Chairman of the Board

Kenneth Christensen
Board Member

Magnus Hellström
Chief Executive Officer

Jan Palmqvist
Board Member

Christina Hallin
Board Member

Henri Peltomäki
Board Member

Hasse Johansson
Board Member

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

Financial calendar 2025

Annual Report 2024 is published on the 30th of April 2025.

Contact

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Website

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