

An aerial photograph of a city waterfront at dusk. A large white ship is docked at a pier in the foreground. In the background, a prominent church spire rises above the city skyline. The sky is a mix of orange and blue, and the water reflects the city lights.

SEAFIRE

Investor Presentation

Q3 2023

Seafire - Summary



Investment group specialised in acquisition of profitable SMEs operating in niche markets within *Products & Industrial components*

Company highlights

Investment company targeting leading SMEs within niche industries

- Swedish investment company specialising in developing SMEs in niche industries and with a clear competitive edge/value-add
- Low-risk investment approach; acquires controlling stakes of Swedish companies with revenues between SEK 50-200m and with a prudent buy-and-hold strategy
- Two business units: *Industrial components and Products*

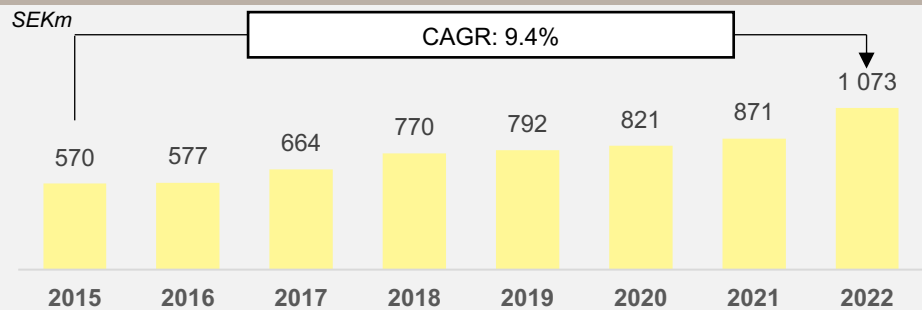
Industrial approach entailing value appreciation

- Seafire Academy: key financial targets, business plans, steady Improvement, sales academy
- Succession plans: Operational risk mitigated with CEO succession, strengthening of management and sales teams together with professional boards

Considerable deal flow activity with proven acquisition track record

- Fourteen acquisitions to date at an average EV/EBITDA multiple of <6x

Proforma revenues



Investment portfolio

NORDBUCKER	<ul style="list-style-type: none"> • E-commerce focused on electric mobility • 2022 revenue: SEK 141m
HEDÉN	<ul style="list-style-type: none"> • Manufacturer of camera equipment • 2022 revenue: SEK 12m
SolidEngineer	<ul style="list-style-type: none"> • Solidworks software partner and consultancy • 2022 revenue: SEK 62m
LUDA FARM	<ul style="list-style-type: none"> • Agricultural surveillance products • 2022 revenue: SEK 41m
OPO SCANDINAVIA	<ul style="list-style-type: none"> • Designer of high quality eyewear • 2022 revenue: SEK 67m
FÄRGIN	<ul style="list-style-type: none"> • Specialised producer of industrial paint • 2022 revenue: SEK 115m
PEXYMEK AB	<ul style="list-style-type: none"> • Manufacturer of cable protection and mounts • 2022 revenue: SEK 50m
BÄRA MINERALER	<ul style="list-style-type: none"> • Producer of substrates for horticulture • 2022 revenue: SEK 87m
DOFAB	<ul style="list-style-type: none"> • Producer of premium doors and windows • 2022 revenue: SEK 91m
KENPO Sandwich	<ul style="list-style-type: none"> • Sandwich-panels for logistics and houses • 2022 revenue: SEK 101m
Thor Ahlgren	<ul style="list-style-type: none"> • Supplier of components to automotive • 2022 revenue: SEK 93m
åkerstedts	<ul style="list-style-type: none"> • Manufacturer of customized industrial fans • 2022 revenue: SEK 33m
BORN	<ul style="list-style-type: none"> • Manufacturer of components for heat pumps • 2022 revenue: SEK 144m

Key financial metrics 2023



An introduction to Seafire's management team



Experienced management team



Johan Bennarsten
Group CEO and Founder

With Seafire since 2016

- **Education:** Medical Degree from Karolinska Institute and Master of Science in Engineering Physics from Uppsala University
- **Background:** 15 years of private equity experience from CapMan heading the firm's healthcare fund as well as investment banking experience as Partner at Pareto Securities

Shareholding: 1,750,000 shares

Warrants: 300,000



Jacob Persson
CFO

With Seafire since 2021

- **Education:** M.Sc. in Finance at Lund University
- **Background:** Head of Group Business Control & IR from Ambea AB (publ) and responsible for Ambea's IPO. Previous experience from advising clients from all sectors on M&A and financing related topics in JZ Capital Partners and PwC

Shareholding: 1,100 shares

Warrants: 200,000



Anders Martinsson
Business Area Manager

With Seafire since 2023

- **Education:** Tech. Engineering degree from Lund University, Strategy and Innovation at Oxford University, Management studies
- **Background:** 25 years' experience from international management positions among others from Indutrade as business development manager, CEO within the WILO-group and CEO of BE Group AB. For the past four years, worked as an interim CEO in small and medium-sized companies.

Shareholding: 65,000 shares

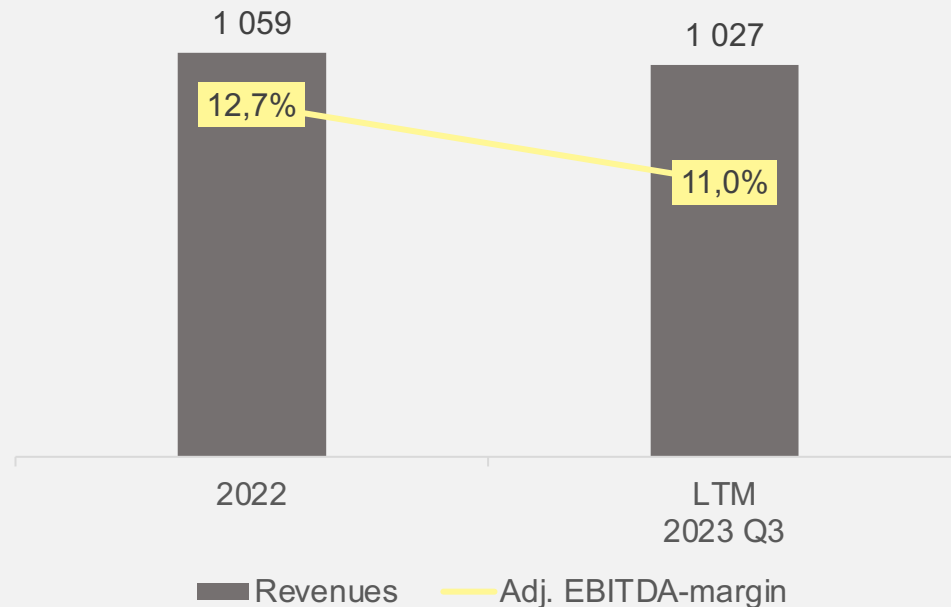


Summary Q3 2023

<p>✓ Lower demand in three subsidiaries and higher cost base</p>	<ul style="list-style-type: none"> • Negative organic growth of -5% after a strong Q1 2023 with 14% growth • Decreased demand in three subsidiaries negatively affected development in Q3 • Generally increased costs in the quarter due to inflation and salaries • Continued headwind in terms of exchange rates compared to same period last year • Still uncertainty about global economy 6-12 months ahead 		<p>Selected Key Metrics</p>
<p>✓ Restatement of SolidEngineer accounting and sale of Hedén Group</p>	<ul style="list-style-type: none"> • On 29 September, Seafire restated the purchase price allocation for SolidEngineer AB, which had a positive impact on both revenue and profit for previously reported periods. • Sale of Hedén's assets completed in November. Write down of goodwill of SEK 12 million in Q3 2023 		<p> Cash on balance SEK 63 million</p>
<p>✓ Balance sheet</p>	<ul style="list-style-type: none"> • Increased financial flexibility and significant reduction of net debt by the tax deferral of SEK 94 million • Cash available increased to SEK 150 million 		<p> Market Capitalisation¹ SEK 390 million</p>
			<p> LTM Adj. PF EBITDA² SEK 113 million</p>
			<p> Net Debt / Adj. PF EBITDA² 2.1x</p>
<p>Cash flow driven M&A and development strategy for further growth and increased profit</p>			

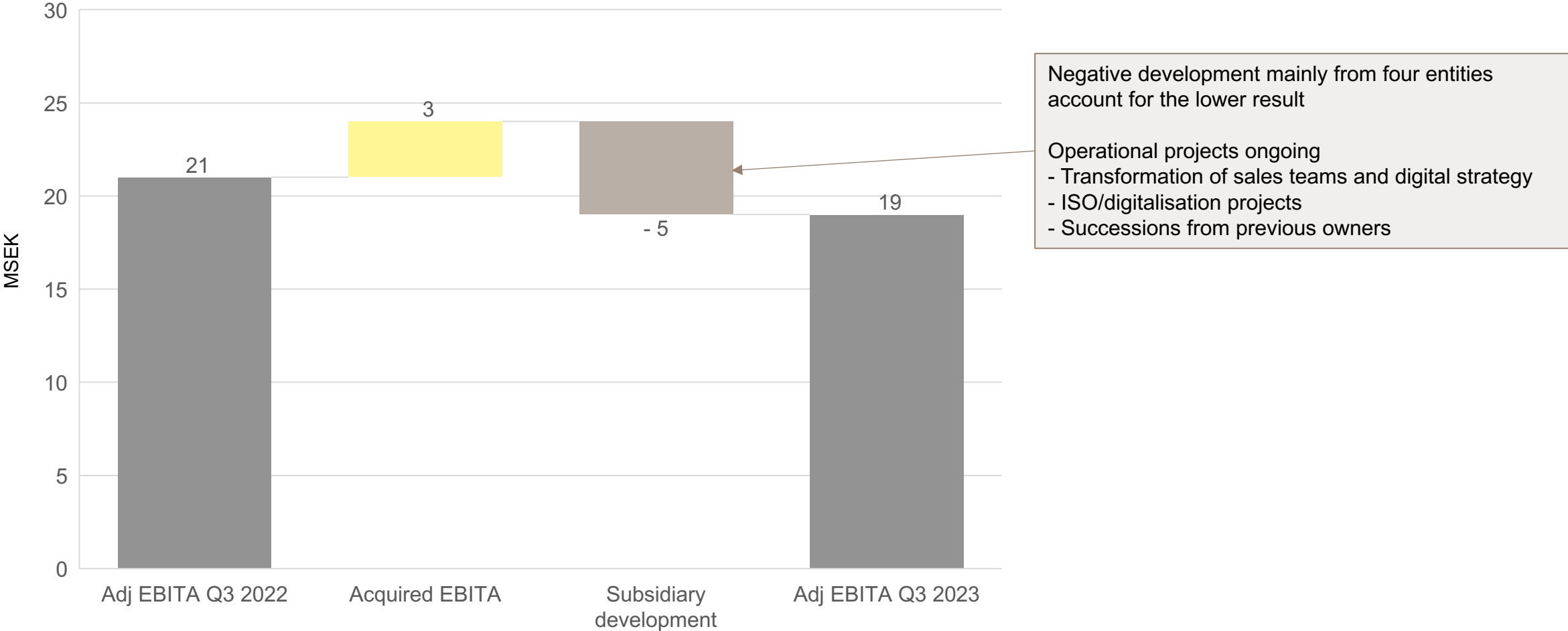
Financial overview

Financial performance (Pro forma figures)¹



- Revenues: Organic growth -5% in Q3 2023 vs Q3 2022 and -4% YTD
- Adj EBITDA proforma: Down from SEK 116m (2022FY) to SEK 113m in LTM Q3 2023
- Margin down 1.7 p.p. in PF 2023 Q3 LTM from 2022 mainly due to weak performance in Q3 for three subsidiaries in particular, and a generally higher operational cost base.
- Price levels maintained while cost for cost of goods was stable. Increased costs for logistics, dollar, energy and costs for purchased goods had a negative effect. Exchange rate effect: +10% SEK vs USD/EUR → SEK -10m in net result

Financials – EBITA development Q3 2022 to Q3 2023



Industrial Components

Performance

Industrial components	MSEK	Q3	Q3	YTD	YTD	LTM Q3	FY
		2023	2022	2023	2022	2023	2022
Net sales		148	130	516	409	660	553
Growth, %		14%	199%	26%	268%	19%	179%
EBIT ²		18	17	65	60	82	77
EBIT-margin, %		12%	13%	13%	15%	12%	14%

- Growth affected by two acquisitions in 2022 and Borö-Pannan in 2023
- Organic revenue of -7% in Q3 2023 vs Q3 2022
- Stable gross margin in Q3 2023
- Profitability decrease mainly explained by lower demand and higher operating costs.

Market characteristics

- Landscaping market: Strong development and Bara pioneer in a growing market. Long-term strong outlook due to sustainability and climate change
- Electrification market: strong demand somewhat held back by delayed government grants in export markets. Strong long-term outlook due to sustainability and climate change.
- Building supplies: Still soft market impacting negatively on three subsidiaries. Increase of interest rates reduce short term investments (DOFAB, compare solar panel market). Stable to strong long-term outlook.
- Industrial components: stable development for automotive and industry. Long-term stable outlook.

Products

Performance

Market characteristics

Products

MSEK	Q3 2023	Q3 2022	YTD 2023	YTD 2022	LTM Q3 2023	FY 2022
Net sales	84	85	256	232	322	298
Growth, %	-1%	59%	10%	54%	8%	54%
EBIT ²	5	6	14	18	13	16
EBIT-margin, %	6%	7%	6%	8%	3%	5%

- Net sales impacted by two acquisitions in 2022
- Organic revenue of -1% in Q3 2023 vs Q3 2022.
- Gross margin was negatively affected by high USD/SEK
- Profitability decreased due to lower demand for consumer related goods. Cost reductions full effect in 2024.
- No upside in weaker SEK exchange rate

- Market change gives relatively immediate effect on companies as Nordbutiker, LudaFarm and OPO.
- Customers/resellers put purchase on hold to reduce stock of goods. First signs of improvement of sales for the segment
- Sales quite easy to accomplish in a growing economy. In tougher market, harder work and skills required to close deals. Transformation of sales organisations started in Q4 2022 and finalized in Q4 2023.
- Price reductions from vendors mitigated by weak SEK exchange rates

The Seafire share



Share price development



Shareholders per 2023-09-30

Investor name	of total
Creades AB	18.5%
Protector Forsikring	9.1%
Berenberg Funds	8.3%
Handelsbanken Fonder	5.1%
Cliens Fonder	4.4%
Johan Bennarsten	4.1%
Avanza Pension	3.3%
Swedbank Robur	2.9%
Alcur Fonder	2.5%
Andra AP-fonden	2.5%
Others	39.3%
Totalt	100,0%

Number of shareholders > 4 000





Wash out of some institutional investors put pressure on the share price



Retailers increase

Outlook and focus 2023 - 2024



Debt financing Main market	Closed in a challenging market, costs for interest down >SEK 49m p.a. Listed May 11th 2023 on Nasdaq Stockholm
Market	2022: Market peaked - low costs, inflation, bottlenecks released 2023: Still on good level but cautiousness in some markets, increased costs due to exchange rate and inflation. Indication of lower production prices but mitigated by weaker SEK exchange rate
Focus 2024	Stabilization of sales Improve profits - cost cutting measures, streamline the businesses/organisations Reduce leverage - improve cash-flow, working capital measures

Financial targets long-term	
1.	Net sales growth >15% p.a. 
2.	Organic growth >10% p.a. 
3.	Adjusted EBITA margin >10% 
4.	Long term goal of Net debt/EBITDA 2.0 - 3.25x 

M&A	
	Cash flow driven M&A strategy
	Add-ons rather than platforms

An aerial, black and white photograph of a city waterfront. The central focus is a large, multi-story building complex with a prominent, tall, dark spire. A large white ship is docked at a pier in the foreground. The city extends into the background with various buildings and construction cranes. The sky is overcast.

SEAFIRE

Appendix

Financials – P&L Statement



SEK million	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	R12 2023	Full year 2022
Operating income						
Net sales	233	215	773	641	983	851
Other income	13	14	18	16	38	36
Total operating income	246	229	791	657	1,021	887
Change in work in progress	-16	-13	-51	-10	-61	-19
Merchandise	-112	-109	-370	-354	-477	-461
Other external expenses	-34	-25	-112	-71	-144	-103
Personnel costs	-48	-42	-168	-125	-221	-178
Other operating costs	-1	-1	-2	-2	-3	-3
Depreciation, amortization and impairment	-26	-12	-54	-31	-65	-43
Total operating expenses	-237	-202	-758	-593	-971	-807
Operating profit	9	27	33	64	50	81
Financial income	4	4	9	6	9	6
Financial expenses	-15	-24	-60	-45	-73	-59
Profit/loss before tax	-2	6	-18	25	-15	28
Taxes	-7	-2	-5	-10	-11	-16
Profit/loss from continuing operations	-9	4	-23	15	-26	12
Profit/loss from discontinued operations	-	-	-23	2	-23	2
Profit/loss for the period	-9	4	-46	17	-49	14

Breakdown of financial net

MSEK	Q3 2023	Q3 2022	jan-sep 2023	jan-sep 2022	LTM Q3 2023	FY 2022
Interest expense and IFRS 16*	-7	-15	-44	-33	-48	-56
Interest income	1	3	3	3	-1	1
Exchange rate	1	3	2	3	-2	0
Earn-out adjustments	-6	-11	-6	-11	4	-1
Divestment of shares in Randers Tegel	0	0	0	2	3	3
Financial net	-11	-20	-51	-39	-44	-54

*One-off costs related to the refinancing of 18 MSEK effecting financial net in Q1 2023

Financials – Balance sheet



SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current assets			
Goodwill	690	647	648
Other intangible non-current assets	69	80	74
Property, plant and equipment	143	127	127
Right-of-use assets	39	32	35
Deferred tax assets	1	-	1
Non-current receivables	2	2	2
Other financial non-current assets	-	1	1
Total non-current assets	944	889	887
Current assets			
Inventory	236	204	216
Trade receivables	122	125	115
Tax assets	24	4	8
Other current receivables	17	11	4
Prepaid expenses and accrued income	41	47	50
Cash and cash equivalents	63	243	468
Total current assets	503	635	861
TOTAL ASSETS	1,446	1,524	1,748

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity			
Share capital	7	5	7
Other contributed capital	849	604	845
Warrants	2	-	2
Retained earnings, including profit/loss for the period	-113	-64	-68
Total equity	745	545	786
Non-current liabilities			
Deferred tax liabilities	44	37	40
Bonds	-	600	596
Non-current liabilities to credit institutions	203	9	4
Non-current lease liabilities	21	18	19
Other non-current liabilities	40	30	23
Total non-current liabilities	308	694	681
Current liabilities			
Current liabilities to credit institutions	41	-	-
Advances from customers	5	7	5
Trade payables	67	56	70
Current tax liabilities	16	8	8
Utilized bank overdraft facilities	10	3	-
Current lease liabilities	17	14	14
Other current liabilities	141	92	72
Accrued expenses and deferred income	97	104	112
Total current liabilities	393	284	281
Total liabilities	701	976	962
TOTAL EQUITY AND LIABILITIES	1,446	1,524	1,748

Cash flow



SEK million	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	R12 2023	Full year 2022
<u>Cash flow from operating activities</u>						
Profit/loss before tax	-2	6	-41	28	-38	30
of which interest received	-	-	2	-	3	1
of which interest paid	-7	-13	-49	-28	-66	-45
Adjustment for non-cash items	20	12	71	36	54	20
Tax paid	-4	-6	-22	-22	-25	-25
Cash flow from operating activities before changes in working capital	14	12	8	42	-9	25
<u>Cash flow from changes in working capital</u>						
Change in inventory	1	6	15	-26	4	-38
Change in current receivables	12	-2	-	-15	8	-7
Change in current liabilities	67	-14	46	-9	13	-41
Cash flow from change in working capital	80	-10	61	-50	27	-86
Cash flow from operating activities	94	2	69	-8	17	-61
<u>Cash flow from investing activities</u>						
Business combinations	-	-	-81	-421	-27	-367
Investments in property, plant and equipment	-3	-11	-8	-14	-11	-17
Investments in intangible non-current assets	-1	-	-2	-1	-2	-2
Divestment of financial non-current assets	-	8	-	8	6	14
Cash flow from investing activities	-3	-3	-90	-428	-34	-372
<u>Cash flow from financing activities</u>						
New share issue	-	-	-	322	250	572
New share issue expenses	-	-	-1	-13	-9	-22
Premiums for incentive program	-	-	-	-	2	2
Borrowings	-	1	250	208	249	207
Repayment of borrowings	-10	-	-630	-	-641	-11
Change in bank overdraft facilities	-80	-1	-10	-5	-6	-9
Repayment of lease liabilities	-4	-4	-13	-9	-19	-15
Cash flow from financing activities	-95	-4	-384	503	-164	724
Total cash flow	-4	-4	-405	67	-180	291