

Interim report January – March 2024

Weak start with gradual improvement during the quarter

Net sales decreased by 13 percent to SEK 219 (253) million, while operating profit, adjusted EBITA, amounted to SEK 6 (25) million in Q1. The weak trend that ended 2023 continued during the beginning of 2024 and resulted in negative organic growth and pressure on margins.

Unless stated otherwise, the figures in this report concern continuing operations.

Q1 2024

- Net sales amounted to SEK 219 (253) million. Growth amounted to -13 percent, of which organic growth for comparable entities amounted to -17 percent compared with the same period in 2023
- Operating profit/loss (EBIT) amounted to SEK -1 (10) million
- EBITA amounted to SEK 5 (16) million, corresponding to a margin of 2 (6) percent
- Adjusted EBITA amounted to SEK 6 (25) million, corresponding to a margin of 3 (10) percent
- Basic and diluted earnings per share amounted to SEK -0.12 (-0.55³)

Significant events after the reporting period

- On April 12, Daniel Repfennig was appointed as new President and CEO. He will take up the role as soon as possible, but no later than September 16.

FINANCIAL SUMMARY¹

	Q1	Q1	R12	Full
SEK million	2024	2023	2024	year
				2023
Net sales	219	253	966	1,000
Gross margin ²	46%	47%	44%	46%
Operating expenses, proportion of net sales ²	41%	38%	39%	38%
EBITA ²	5	16	70	81
EBITA margin ²	2%	6%	4%	8%
Adjusted EBITA ²	6	25	53	72
Adjusted EBITA margin ²	3%	10%	0%	7%
Operating profit (EBIT)	-1	10	2	13
Basic and diluted earnings per share, SEK ³	-0.12	-0.55	-1.29	-1.72
Cash flow from operating activities ³	-1	-36	115	80
Net debt/adjusted EBITDA pro forma R12, times	2.8	2.4	2.8	2.2

1) The comparative figures have been restated. See Note 8 for more information.

2) Alternative performance measures. See Note 9 for reconciliation with financial reports in accordance with IFRS.

3) Comparative figures including discontinued operations

THE CEO'S COMMENTS ON Q1

Revenue for the first quarter decreased by 13 percent to SEK 219 million, with organic growth amounting to -17 percent. A weaker economy affected us to a greater degree than before. Adjusted EBITA decreased to SEK 6 (25) million, primarily as a result of negative organic growth combined with continuing high costs. The beginning of the quarter continued in line with the weak development we saw in December 2023. The trend stabilized towards the end of the first quarter and earnings improved during the second half of the quarter.



Organically, net sales fell by 17 percent. As in the fourth quarter of 2023, the negative development was related to a weaker economy. As several subsidiaries had extraordinarily high activity during the first quarter of 2023, the comparative figures are challenging. Borö-Pannan's performance was particularly weak and showed negative growth of 42 percent pro forma in the first quarter, which was related to a continued cautious market.

The gross margin was relatively stable during the quarter and amounted to 46 (47) percent. Growth was negatively affected by Bara Mineraler and Pexymek, where delayed project starts due to snow and frost on the ground changed the product mix.

Adjusted EBITA decreased to SEK 6 (25) million, corresponding to a margin of 3 (10) percent. Negative organic growth and the fact that the Group did not have time to adjust the fixed costs are the main explanations for the reduced earnings. The cost-reducing measures implemented in the subsidiaries began to have some effect towards the end of the first quarter and further effects are expected in Q2 but primarily in the second half of the year. During much of the quarter, the weather was colder than the same period in 2023, which had a negative impact on the earnings of Bara Mineraler and Pexymek. Borö-Pannan's earnings decreased by approximately SEK 8 million pro forma and was the biggest negative contributor.

Cash flow was positively affected by reduced cash tied up in inventory and a lower investment rate, which compensated for increased trade receivables driven by an improved sales trend during the quarter. The fact that Easter in 2024 fell at the end of the quarter is considered to have had a slightly positive effect on cash flow. Refinancing, where Seafire switched from bond financing to secured bank facilities at the end of the first quarter of 2023, had a positive effect on cash flow. SEK 1 million of the outstanding tax deferral was amortized during the period.

The debt/equity ratio increased as a result of the lower profit in the first quarter.

All subsidiaries except DOFAB and Nordbutiker showed a reduced profit during the first quarter. We notice an overall weaker economy and lower demand in the subsidiaries. In addition, several companies such as Bara Mineraler and Pexymek had challenges with the temporary lower demand linked to cold weather. However, we were pleased to see that Kempo Sandwich received new orders from a customer they had previously lost completely, which is very positive although the volumes going forward will not achieve historical levels.

The tougher market looks set to continue and uncertainty about developments during the rest of the year remains, although the situation towards the end of the first quarter stabilized and in some cases even improved slightly. Reduced costs are expected to have some effect going forward and we continue to be vigilant and are ready to take further measures if necessary. The second quarter is generally a seasonally stronger quarter with higher net sales, profit and cash flow than Q1.

Our focus on improved tied-up inventory and, by extension, improved cash flow continues during 2024. We remain restrictive with non-essential investments and prioritize reduction of the Group's net debt.

Even though the Group is going through a testing period, I am pleased about the commitment that all Seafire's employees continue to show. Our subsidiaries possess great competence within their respective niches and have good conditions to create significant value in the long term. Together, through small and large improvements, we can develop our business and create opportunities for future growth and raised margins.

Jacob Persson, CEO

THE GROUP'S PERFORMANCE¹

Q1

Net sales

During the quarter, net sales decreased by 13 percent to SEK 219 million, compared with SEK 253 million for the same period of the previous year. Organic growth, excluding acquired companies, was -17 percent compared with the same period in 2023. All subsidiaries, apart from Nordbutiker, showed negative growth.

Gross margin

The gross margin amounted to 46 (47) percent during the quarter. The subsidiaries continued to fend off fluctuating exchange rates well with subsequent changes in purchase prices. Changes in product mix, mainly among the industrial companies, where a lower proportion of sales consisted of their own products, had a negative impact on the gross margin.

Earnings

The Group's operating profit/loss (EBIT) amounted to SEK -1 (10) million during the quarter. The weak development is explained by negative organic growth combined with difficulties in adapting the cost structure to lower demand. Operating profit before amortization attributable to acquired surplus values (EBITA) amounted to SEK 5 (16) million. Items affecting comparability, mainly attributable to recruitment costs of SEK -1 (-9) million for the new CEO, had a negative effect on earnings. Profit after tax amounted to SEK -5 (-23) million.

Net financial items and tax

Net financial items amounted to SEK -5 (-36) million during the quarter. Interest and finance costs amounted to SEK -6 (-35) million, the interest effect on contingent consideration amounted to SEK 0 (0) million, currency fluctuations to SEK 1 (-1) million and interest income and finance income amounted to SEK 0 (2) million. The improvement in net financial items is a direct result of the completion of refinancing, which considerably reduced the Group's interest expenses. Tax for the period amounted to SEK 1 (1) million.

Summary of financial performance measures

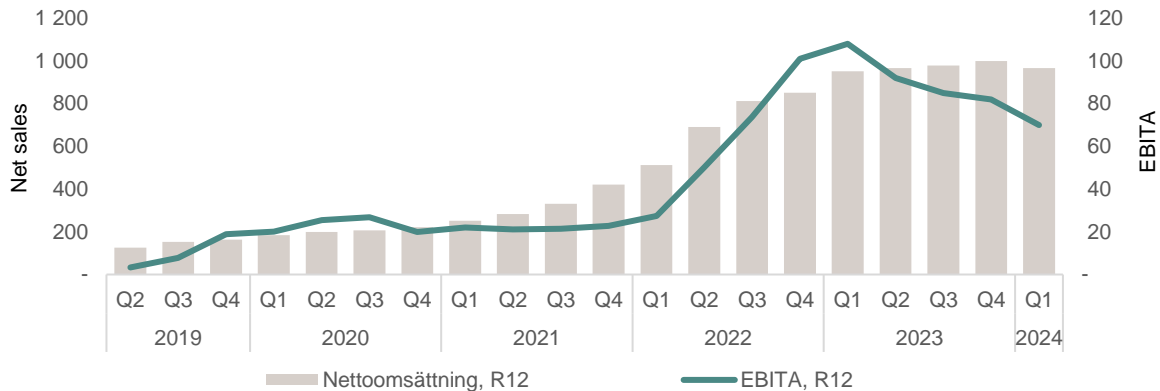
SEK million	Q1 2024	Q1 2023	R12 2024	Full year 2023
Net sales	219	253	966	1,000
EBITDA	12	23	99	110
EBITA	5	16	70	81
Adjusted EBITA	6	25	53	72
EBIT	-1	10	2	13

Effect of items affecting comparability on the income statement

SEK million	Q1 2024	Q1 2023
Other external expenses (acquisitions, change of listing and refinancing)	-	-9
Personnel costs (recruitment of new CEO)	-1	-
Effect on EBITDA & EBITA	-1	-9

1) The comparative figures have been restated. See Note 8 for more information.

Financial development
SEK million



Cash flow

Cash flow from operating activities, including changes in working capital, amounted to SEK -1 (-36) million, primarily as a result of lower financing costs. Cash flow from investing activities amounted to SEK -2 (-84) million, as a result of investments in property, plant and equipment. The acquisition of Borö-Pannan was completed in the comparative period. Cash flow from financing activities amounted to SEK 6 (-270) million, as a result of utilization of the overdraft facility and repayments of loans and lease liabilities. Total cash flow for the first quarter amounted to SEK 3 (-390) million.

Investments

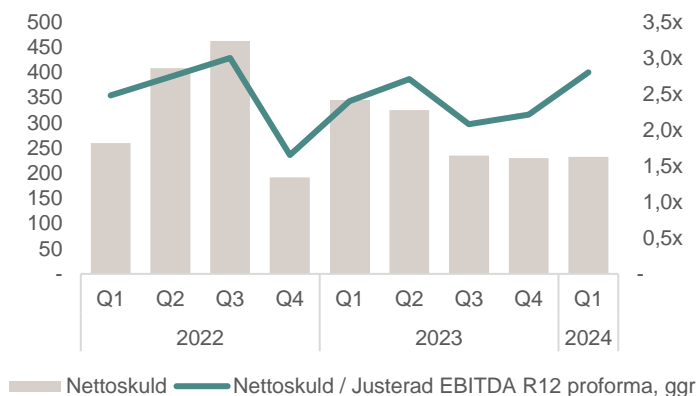
Cash flow from investing activities during the quarter amounted to SEK -2 (-84) million, which is mainly attributable to investments in property, plant and equipment.

Financing

Interest-bearing liabilities at the end of the period amounted to SEK 243 (354) million and, including lease liabilities, to SEK 276 (393) million. Of the liabilities, SEK 243 (354) million were liabilities to credit institutions and SEK 33 (38) million lease liabilities. Contingent consideration amounted to SEK 12 (54) million, of which contingent consideration due within 12 months amounted to SEK 5 (21) million. The tax deferral amounted to SEK 91 (30) million, which must be repaid by the end of 2026. Cash and cash equivalents amounted to SEK 49 (78) million at the end of the period. The Group's net debt, as defined in order to calculate the bank loan's covenant, thus amounted to SEK 232 (336) million, while net debt/adjusted EBITDA R12 pro forma amounted to 2.8 (2.0). Adjusted net debt, including leases, all contingent consideration and the tax deferral, amounted to SEK 330 (399) million, which gives adjusted net debt/adjusted EBITDA R12 pro forma of 4.0 (2.9).

Net debt according to covenant calculation¹

SEK million



1) For definitions, see Note 9. The comparative figures have been restated to include the portion of the contingent consideration liability due within 12 months.

Net debt, Net debt/Adjusted EBITDA pro forma R12

SEK million	Q1 2024	Q1 2023	Full year 2023
Interest-bearing liabilities	243	354	234
Lease liabilities	33	38	37
Contingent consideration due within 12 months	5	21	5
Less: cash and cash equivalents	-49	-78	-46
Net debt	232	336	230
Adjusted EBITDA R12	82	138	104
Net debt/Adjusted EBITDA pro forma R12, times	2.8	2.4	2.2

Adjusted net debt including deferral from the Swedish Tax Agency and all contingent consideration, adjusted net debt/adjusted EBITDA pro forma R12

SEK million	Q1 2024	Q1 2023	Full year 2023
Net debt	232	336	230
Outstanding deferral from the Swedish Tax Agency and contingent consideration due for payment after 12 months	98	63	99
Adjusted net debt	330	399	329
Adjusted EBITDA R12	82	138	104
Adjusted net debt/Adjusted EBITDA pro forma R12, times	4.0	2.9	3.2

BUSINESS AREAS

Industrial components

The Industrial components business area offers products and solutions to companies within a number of market niches – paints, fans, construction materials and the production of sheet metal components for customers within a wide range of sectors. The business area includes Bara Mineraler, Borö-Pannan, DOFAB, Färg-In, Kenpo Sandwich, Pexymek, Thor Ahlgren and Åkerstedts. For more information about the business area, see Note 4.

SEK million	Q1 2024	Q1 2023	R12 2024	Full year 2023
Net sales	144	172	652	680
Gross profit	66	80	296	310
Gross margin, %	46%	47%	45%	46%
Operating expenses*	-55	-53	-224	-222
Proportion of net sales, %	38%	31%	40%	33%
EBITA*	7	22	60	75
EBITA-margin, %	5%	13%	3%	11%

* Earnings exclude the management fee payable to the Parent Company, which is distributed between the subsidiaries based on net sales.

Q1

During the quarter, net sales fell by 16 percent to SEK 144 million, compared with SEK 172 million for the same quarter of the previous year. Organic growth, excluding companies acquired in the financial year, was -21 percent compared with the same period of 2023. Acquired growth amounted to 5 percent during the quarter. All companies showed negative growth compared with the first quarter of 2023.

The gross margin was relatively stable during the quarter, compared with the same quarter of the previous year. The gross margin was negatively affected by a changed product mix, with a lower proportion of sales consisting of own products than in the same period of the previous year.

During the quarter, operating profit before amortization and impairment attributable to acquired surplus values, EBITA, amounted to SEK 7 (22) million, which corresponds to an EBITA margin of 5 (13) percent. Despite the decline in revenue, DOFAB showed an improved EBITA compared with the corresponding period of the previous year, mainly linked to reduced costs. In the remaining companies, EBITA was lower than in Q1 of the previous year.

Products¹

The Products business area offers products and solutions to companies within a number of market niches – lightweight electric vehicles, software sales, glasses and monitoring equipment for customers within a wide range of sectors. The business area includes Ludafarm, Nordbutiker, OPO Scandinavia and SolidEngineer. For more information about the business area, see Note 4.

SEK million	Q1 2024	Q1 2023	R12 2024	Full year 2023
Net sales	73	78	306	312
Gross profit	34	38	132	136
Gross margin, %	47%	48%	43%	44%
Operating expenses*	-30	-31	-123	-124
Proportion of net sales, %	42%	40%	40%	40%
EBITA*	2	4	6	8
EBITA-margin, %	3%	6%	-1%	3%

* Earnings exclude the management fee payable to the Parent Company, which is distributed between the subsidiaries based on net sales.

Q1

During the quarter, net sales fell by 10 percent to SEK 73 million, compared with SEK 78 million for the same quarter of the previous year. Nordbutiker had positive net sales growth compared with the same period of the previous year while the remaining companies showed stable or negative growth compared with the first quarter of 2023. Hedén, whose operations have been discontinued since the fourth quarter of 2023, had net sales of SEK 2 million during the first quarter of 2023.

The gross margin was relatively stable compared with the same period of the previous year. The gross margin was negatively affected by a changed proportion of sales between the subsidiaries in the segment.

During the quarter, operating profit before amortization and impairment attributable to acquired surplus values, EBITA, till SEK 2 (4) million, equivalent to an EBITA margin of 3 (6) percent. Nordbutiker increased its EBITA, while the remaining companies had similar or lower EBITA compared with the corresponding period of the previous year.

1) The comparative figures have been restated. See Note 8 for more information.

OTHER INFORMATION

Auditor's review

This report has not been subject to review by the auditors.

Related party transactions

The Group did not have any significant related party transactions during the quarter.

Share information

At the end of the reporting period, the number of shares in the Company was 42,846,569. All shares are of the same type and afford the same voting rights. As of March 31, 2024, the largest shareholders were Creades with approx. 19% of the shares, Protector Forsikring with approx. 17%, and Movestic Livförsäkring with approx. 8%.

Since May 11, 2023, the Company's shares have been listed on Nasdaq Stockholm and are traded under the ticker 'SEAF'. Before this date, the shares had been listed on Nasdaq First North Growth Market since July 25, 2019. The smallest trading unit is one (1) share. The closing price of the share on March 28, 2024 was SEK 6 per share, which corresponds to a market value of approximately SEK 257 million.

About Seafire

Seafire is a company group founded in 2016 with the aim of creating growth through the acquisition of profitable companies and developing these through active and long-term ownership.

Seafire creates value by being an active owner with a decentralized operational model and independent subsidiaries. Long-term strategies are based on development of the business model, broadening of the market and service and product development, and are executed alongside new initiatives within sales and marketing. This boosts the growth and profitability of the acquired companies.

Seafire always acquires a majority of the shares in any company.

Seafire operates in two business segments: Industrial components and Products. During the period, the Group had eight subsidiaries within Industrial components and four subsidiaries within Products. At the end of the period, the Group had a total of 322 employees, of whom 67 were women. For more information about Seafire's subsidiaries, visit www.seafireab.com.

Annual General Meeting 2024

The nomination committee's proposal for the board of directors for 2024 consists of re-election of Anders Hillerborg, Marcus Söderberg, and Stina Wollenius, and new election of Sonny Mirborn until the end of the Annual General Meeting in 2025. Sonny Mirborn has been CEO and President of the listed company Alcadon Group AB since 2019 and has previous experience as a business unit manager at Addtech, CEO of CTM-Lyng group, and investment manager at Nordstjernan. Joachim Berner, Lennart Jakobsson, and Louise Nicolin have declined re-election. The nomination committee further proposes Anders Hillerborg as chairman of the board.

The Annual General Meeting 2024 will be held on April 24 at 3:00 pm at Cecil Coworking, Norrlandsgatan 9, in Stockholm.

Financial calendar

Annual General Meeting 2024	April 24, 2024	15.00 CEST
Interim report 2 2024	August 23, 2024	08.00 CEST
Interim report 3 2024	November 6, 2024	08.00 CET
Year-end report 2024	February 24, 2025	08.00 CET

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DECLARATION BY THE BOARD OF DIRECTORS

The Board of Directors and CEO hereby declare that this interim report gives a true and fair view of the Group's operations, financial position and performance, and describes the material risks and uncertainties facing the Group.

Stockholm, April 24, 2024

Joachim Berner

Chairman of the Board

Lennart Jacobsson

Board member

Anders Hillerborg

Board member

Louise Nicolin

Board member

Marcus Söderberg

Board member

Stina Wollenius

Board member

Jacob Persson

Chief Executive Officer

CONDENSED CONSOLIDATED INCOME STATEMENT¹

SEK million	Q1 2024	Q1 2023	R12 2024	Full year 2023
Operating income				
Net sales	219	253	966	1,000
Other income	3	1	44	42
Total operating income	222	254	1,010	1,042
Change in work in progress	-12	-19	-73	-80
Merchandise	-107	-115	-462	-470
Other external expenses	-33	-40	-139	-146
Personnel costs	-58	-57	-234	-233
Other operating expenses	-	-1	-2	-3
Depreciation, amortization and impairment	-13	-13	-97	-97
Total operating expenses	-223	-244	-1,008	-1,029
Operating profit/loss	-1	10	2	13
Finance income	1	2	11	12
Finance costs	-6	-37	-40	-71
Profit/loss before tax	-6	-25	-27	-46
Taxes	1	1	-4	-4
Profit/loss from continuing operations	-5	-24	-31	-50
Profit/loss from discontinued operations	-	-	-23	-23
Profit/loss for the period	-5	-24	-54	-73

1) The comparative figures have been restated. See Note 8 for more information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME¹

SEK million	Q1 2024	Q1 2023	R12 2024	Full year 2023
Profit/loss for the period, continuing operations	-5	-24	-31	-50
Profit/loss for the period, discontinued operations	-	-	-23	-23
Profit/loss for the period	-5	-24	-54	-73
Other comprehensive income				
Items that may be subsequently reclassified to profit or loss				
Translation differences	-	-	-	-
Other comprehensive income after tax	-	-	-	-
Comprehensive income for the period	-5	-24	-54	-73
Comprehensive income for the period attributable to:				
Parent Company shareholders	-5	-24	-54	-73

EARNINGS PER SHARE¹

SEK million	Q1 2024	Q1 2023	R12 2024	Full year 2023
Basic earnings per share, SEK	-0.12	-0.55	-1.29	-1.72
Average number of shares before dilution ²	42,847	42,753	42,847	42,823
Diluted earnings per share, SEK	-0.12	-0.55	-1.29	-1.72
Average number of shares after dilution ²	43,759	43,895	43,843	43,725

1) The comparative figures have been restated. See Note 8 for more information.

2) Average number of shares in thousands

CONDENSED CONSOLIDATED BALANCE SHEET¹

SEK million	Mar 31 2024	Mar 31 2023	Dec 31 2023
Non-current assets			
Goodwill	658	719	658
Other intangible assets	62	80	67
Property, plant and equipment	139	145	141
Right-of-use assets	34	40	38
Deferred tax assets	-	1	-
Other financial assets	4	3	4
Total non-current assets	897	988	908
Current assets			
Inventories	226	249	230
Trade receivables	105	145	92
Tax assets	19	11	10
Other current receivables	12	12	9
Prepaid expenses and accrued income	45	54	44
Cash and cash equivalents	49	78	46
Total current assets	456	549	431
TOTAL ASSETS	1,353	1,537	1,339
Equity			
Share capital	7	7	7
Other contributed capital	851	851	851
Retained earnings, including profit/loss for the period	-146	-91	-141
Total equity	712	767	717
Non-current liabilities			
Deferred tax liabilities	43	46	45
Non-current liabilities to credit institutions	182	213	193
Non-current lease liabilities	17	21	19
Other non-current liabilities	28	35	28
Total non-current liabilities	270	315	285
Current liabilities			
Current liabilities to credit institutions	41	41	41
Advances from customers	5	6	3
Trade payables	70	77	61
Current tax liabilities	6	8	6
Utilized bank overdraft facilities	20	100	-
Current lease liabilities	16	17	18
Other current liabilities	107	88	105
Accrued expenses and deferred income	106	118	103
Total current liabilities	371	455	337
Total liabilities	641	770	622
TOTAL EQUITY AND LIABILITIES	1,353	1,537	1,339

1) The comparative figures have been restated. See Note 8 for more information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY¹

SEK million	Share capital	Other contributed capital	Retained earnings, including profit for the period	Total equity
Opening balance, Jan 1, 2023	7	847	-68	786
Comprehensive income for the period	-	-	-24	-24
<u>Transactions with shareholders</u>				
New share issue	-	5	-	5
New share issue expenses	-	-1	-	-1
Incentive program	-	-	-	-
Closing balance, Dec 31, 2023	7	851	-91	767

SEK million	Share capital	Other contributed capital	Retained earnings, including profit for the period	Total equity
Opening balance, Jan 1, 2024	7	851	-141	717
Comprehensive income for the period	-	-	-5	-5
<u>Transactions with shareholders</u>				
New share issue	-	-	-	-
New share issue expenses	-	-	-	-
Closing balance, March 31, 2024	7	851	-146	712

1) The comparative figures have been restated. See Note 8 for more information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS¹

SEK million	Mar 31 2024	Mar 31 2023	R12 2024	Full year 2023
<u>Cash flow from operating activities</u>				
Profit/loss before tax	-6	-25	-50	-69
of which interest received	-	1	3	4
of which interest paid	-5	-36	-23	-54
Adjustment for non-cash items	12	9	103	100
Tax paid	-9	-10	-17	-18
Cash flow from operating activities before changes in working capital	-3	-26	35	12
<u>Cash flow from changes in working capital</u>				
Change in inventories	4	2	23	21
Change in current receivables	-16	-15	51	52
Change in current liabilities	14	2	7	-5
Cash flow from change in working capital	2	-10	80	68
Cash flow from operating activities	-1	-36	115	80
<u>Cash flow from investing activities</u>				
Business combinations	-	-81	-	-81
Investments in property, plant and equipment	-2	-3	-8	-9
Investments in intangible assets	-	-	-2	-2
Divestment of financial assets	-	-	-	-
Cash flow from investing activities	-2	-84	-10	-92
<u>Cash flow from financing activities</u>				
New share issue	-	5	-5	-
New share issue expenses	-	-1	-	-1
Proceeds from borrowings	-	250	-	250
Repayment of borrowings	-10	-620	-31	-641
Change in bank overdraft facilities	20	100	-80	-
Repayment of lease liabilities	-4	-5	-17	-18
Cash flow from financing activities	6	-270	-134	-410
Total cash flow	3	-390	-29	-422
Cash and cash equivalents at start of period	46	468	78	468
Translation differences	-	-	-	-
Cash and cash equivalents at end of period	49	78	49	46

1) Including discontinued operations. See Note 5 for condensed statement of cash flows for divested operations. The comparative figures have been restated. See Note 8 for more information.

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	Mar 31 2024	Mar 31 2023	R12 2024	Dec 31 2023
Net sales	-	-	-	-
Other income	4	5	20	21
Total operating income	4	5	20	21
Other external expenses	-2	-8	-12	-18
Personnel costs	-3	-3	-16	-16
Depreciation and amortization	-	-	-	-
Total expenses	-5	-11	-28	-34
Operating profit/loss	-1	-6	-8	-13
Finance income	1	2	5	6
Finance costs	-5	-34	-91	-120
Profit/loss before tax	-5	-38	-94	-127
Group contributions	-	-	20	20
Income tax	-	-	-	-
Profit/loss for the period	-5	-38	-74	-107

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	Mar 31 2024	Mar 31 2023	Dec 31 2023
Property, plant and equipment	1	1	1
Receivables from Group companies	1,000	1,107	1,019
Financial assets	23	23	23
Total non-current assets	1,024	1,132	1,043
Receivables from Group companies	70	141	84
Other current receivables	-	1	-
Prepaid expenses and accrued income	1	2	1
Cash and cash equivalents	47	55	43
Total current assets	118	199	128
TOTAL ASSETS	1,142	1,330	1,171
Share capital	7	7	7
Other contributed capital	883	883	883
Retained earnings, including profit for the period	-240	-166	-235
Total equity	650	724	655
Non-current liabilities to credit institutions	180	210	190
Other non-current liabilities	7	27	7
Total non-current liabilities	187	237	197
Current liabilities to credit institutions	40	40	40
Utilized bank overdraft facilities	20	100	-
Trade payables	2	3	2
Liabilities to Group companies	226	192	260
Other current liabilities	11	33	11
Accrued expenses and deferred income	6	2	6
Total current liabilities	305	370	319
Total liabilities	492	606	516
TOTAL EQUITY AND LIABILITIES	1,142	1,330	1,171

NOTES

Note 1. Accounting policies

Seafire AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions of the Swedish Annual Accounts Act. The interim report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act. Information in accordance with IAS 34.16A is disclosed both in the financial statements and their associated notes and elsewhere in the interim report. The accounting policies are consistent with the policies that were applied in the previous financial year. For more information on these, see Note G1 in the Group's 2023 Annual Report. The interim report should be read together with the 2023 Annual Report. Preparation of financial statements in accordance with IFRS requires Group management to make accounting judgments, estimates and assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgments. For information on the Company's critical judgments and sources of uncertainty, see the Group's 2023 Annual Report.

Discontinued operations

On June 9, 2023, subsidiary Lingua Communications Nordic AB filed for bankruptcy following the discovery of gross embezzlement. The case is accounted for in accordance with IFRS 5, which means that the subsidiary has been excluded from the relevant individual lines in the consolidated income statement and its net income is instead reported as "Profit/loss from discontinued operations". The statement of cash flows was reported including the discontinued operations. The balance sheet as at March 31, 2024 and the income statement for the period do not contain any balances related to the subsidiary. For more information, see Note 5.

Note 2. Risks and uncertainties

For a description of the Group's material risks and uncertainties, see the detailed statement in the 2023 Annual Report. No material new or changed risks or uncertainties have been identified since the publication of the 2023 Annual Report. The Parent Company's risks are covered by the description presented for the Group. The effects of the war in Ukraine and the war between Israel and Hamas are such that the Company is unable to make reasonable advance assessments of the effects on the Company's operations and financial performance. Higher inflation and higher prices of input goods will impact demand for goods and services provided by Seafire's subsidiaries. Furthermore, higher interest rates could impact future financing costs and discount rates in connection with the valuation of assets and liabilities. In order to manage the increase in financing costs, Seafire secured long-term bank financing during Q1 2023 and significantly reduced its interest expenses. Goodwill is continually monitored for impairment as a result of the changes in macroeconomic factors. The Board of Directors assists management in the ongoing monitoring of the performance of the business in this context in order to rapidly and effectively manage any risks and situations that could arise.

Note 3. Revenue from contracts with customers¹

Net sales by geographical area	Q1 2024	Q1 2023	R12 2024	Full year 2023
SEK million				
Sweden	156	172	723	739
Nordic region (excl. Sweden)	33	40	138	145
Europe (excl. Nordic region and Sweden)	29	37	101	109
World (excl. Europe, Nordic region and Sweden)	1	4	4	7
Total net sales	219	253	966	1,000

Amount recognized as revenue	Q1 2024	Q1 2023	R12 2024	Full year 2023
SEK million				
Revenue from service contracts (revenue over time)	13	14	56	57
Revenue recognized at a point in time	206	239	910	943
Total	219	253	966	1,000

1) The comparative figures have been restated. See Note 8 for more information.

Note 4. Segment reporting¹

Seafire's operations are divided into two segments: Industrial components and Products. The Group management has adopted these segments based on the information considered by the chief operating decision-maker, i.e. the CEO. The operations are divided on the basis of a sales and product content perspective. During the reporting period, no customer accounted for more than ten (10) percent of the Group's net sales.

The Industrial components segment comprises Bara Mineraler, Borö-Pannan, DOFAB, Färg-In, Kenpo Sandwich, Pexymek, Thor Ahlgren and Åkerstedts. The Products segment comprises Ludafarm, Nordbutiker, OPO and SolidEngineer. For more information about these subsidiaries, visit www.seafireab.com. In addition to the business segments, the tables also include central costs and Group-wide adjustments. IFRS adjustments are the Group's IFRS-related accounting adjustments, e.g. attributable to leases or goodwill impairment. Central costs refer to the holding company with Group-wide costs (financing costs, insurance costs, etc.). Liabilities and goodwill are not included in segment reporting.

SEK million	Industrial components		Products		Central costs		Group adjustments		Group	
	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023	Q1 2024	Q1 2023
Net sales	144	172	73	78	-	-	1	2	219	253
Other income	3	1	-	1	-	-	-	-	3	1
Total income	147	173	73	79	-	-	1	2	222	243
Gross profit	66	80	34	38	-	-	1	1	101	119
Gross margin	46%	47%	47%	48%	-	-	45%	45%	46%	47%
Operating expenses	-55	-53	-30	-31	-5	-12	-	-	-90	-97
% of net sales	38%	31%	42%	40%	-	-	-	-	41%	38%
EBITA	7	22	2	5	-5	-12	1	1	5	16
EBITA margin	5%	13%	3%	6%	-	-	37%	40%	2%	6%
Amortization of intangible assets									-6	-6
Operating profit (EBIT)									-1	10
Net financial items									-5	-35
Profit/loss before tax									-6	-25
Tax on profit									1	1
Profit/loss for the period									-5	-24

1) The comparative figures have been restated. See Note 8 for more information.

Note 5. Discontinued operations

On June 9, 2023, subsidiary Lingua Communications Nordic AB filed for bankruptcy following the discovery of gross embezzlement. As the subsidiary operated as an independent business segment within the Group and Seafire has decided to discontinue its involvement in the translation industry in connection with the bankruptcy, it has been decided to account for the subsidiary as a discontinued operation in accordance with IFRS 5. This approach means that the subsidiary has been excluded from the individual lines in the consolidated income statement and its net income is instead recognized under "Profit/loss from discontinued operations". The consolidated statement of cash flows includes a comprehensive statement of cash flows, including the discontinued operations. The balance sheet as at December 31, 2023 does not contain any balances relating to the subsidiary, while balance sheets for previous periods are not restated in accordance with IFRS and are therefore unchanged.

The Group effects that arose as a result of the discontinuation are presented below. Profit and loss and cash flow information for the discontinued operation relates to the period up to and including the discontinuation date.

Profit/loss attributable to discontinued operations	Q1 2024	Q1 2023	R12 2024	Full year 2023
Net sales	-	17	-	17
Operating expenses	-	-17	-	-17
Embezzlement costs	-	-	-25	-25
EBITDA	-	-	-25	-25
Depreciation and amortization	-	-	-	-
EBITA	-	-	-25	-25
Impairment	-	-	-	-
EBIT	-	-	-25	-25
Appropriations	-	-	-	-
Profit/loss before tax	-	-	-25	-25
Income tax	-	-	-	-
Group effect				
-of which goodwill impairment	-	-	-19	-19
-of which reversal of contingent consideration recognized as a liability	-	-	3	3
-of which result from bankruptcy	-	-	18	18
Profit/loss attributable to discontinued operation	-	-	-23	-23

Balance sheet on bankruptcy application date June, 2023

Property, plant and equipment	-
Current operating assets	6
Total assets	6
Current operating liabilities	25
Total liabilities	25
Net liabilities	19

Cash flow from discontinued operation	Q1 2024	Q1 2023	R12 2024	Full year 2023
From operating activities	-	3	-1	2
From investing activities	-	-	-	-
From financing activities	-	-	1	1
Total cash flow	-	3	-	3

Note 6. Fair value of financial instruments

SEK million	Classification according to valuation hierarchy							
			1		2		3	
	Mar 31	Mar 31	Mar 31	Mar 31	Mar 31	Mar 31	Mar 31	Mar 31
	2024	2023	2024	2023	2024	2023	2024	2023
Assets								
Currency derivatives	-	-	-	-	-	-	-	-
Liabilities								
Currency derivatives	-	-	-	-	-	-	-	-
Contingent consideration	12	54	-	-	-	-	12	54

Financial liabilities at fair value by level in the valuation hierarchy

The fair value and carrying amount are recognized in the balance sheet in accordance with the table above. For listed securities, the fair value is determined based on the asset's quoted price in an active market, level 1. The fair value of foreign exchange contracts and embedded derivatives is determined based on observable market inputs, level 2. For contingent consideration, a cash flow-based measurement is carried out which is not based on observable market inputs, level 3.

Note 7. Contingent consideration

Contingent consideration is variable, based on the companies' earnings growth, and is determined based on future earnings growth for each company, based on management's best assessment and forecasts. Contingent consideration is recognized at fair value. Reversed contingent consideration is recognized on the line Other income and remeasured contingent consideration due to changed discounting is recognized on the line Finance costs.

SEK million	2024	2023
Opening balance (January 1)	12	30
Acquisitions during the year	-	24
Reversed in income statement	-	-
Consideration paid	-	-
Interest expenses	-	-
Closing balance (March 31)	12	54

Note 8. Correction of error

In the interim report for Q3 2023, Seafire corrected the purchase price allocation for the acquisition of SolidEngineer AB as explained below.

After consulting with external parties and reviewing the completed purchase price allocation for the acquisition of SolidEngineer AB, Seafire has concluded that the final purchase price allocation prepared by the Group and audited by the Group's auditors is incorrect by a material amount and needs to be corrected. The correction means that revenue from sold but not executed service contracts prior to completion on April 1, 2022 is recognized in the purchase price allocation and balance sheet as deferred revenue, in accordance with IFRS 15 Revenue from Contracts with Customers, and then recognized as revenue prospectively over the term of the service agreement. The corrections did not have any effect on cash flow.

The Group has corrected the purchase price allocation prepared in connection with the acquisition of SolidEngineer AB (which was completed on April 1, 2022) as follows:

Goodwill	SEK 13 million
Prepaid expenses	SEK 20 million
Deferred tax liabilities	SEK 3 million
Deferred income	SEK 36 million

SEK million	Q1 2023	Corr.	Q1 2023	Q2 2023	Corr.	Q2 2023
Net sales	250	2	252	286	2	288
Other income	2	-	2	2	-	2
Total operating income	252	2	254	288	2	290
Change in work in progress	-19	-	-19	-16	-	-16
Merchandise	-114	-1	-115	-142	-1	-143
Other external expenses	-40	-	-40	-39	-	-39
Personnel costs	-57	-	-57	-63	-	-63
Other operating costs	-1	-	-1	-	-	-
Depreciation, amortization and impairment	-13	-	-13	-14	-	-14
Total operating expenses	-244	-1	-245	-275	-1	-276
Operating profit/loss	8	1	10	14	1	15
Finance income	2	-	2	3	-	3
Finance costs	-37	-	-37	-8	-	-8
Profit/loss before tax	-26	1	-25	8	1	9
Taxes	1	-	1	1	-	1
Profit/loss from continuing operations	-25	1	-24	9	1	10
Profit/loss from discontinued operations	-	-	-	-23	-	-23
Profit/loss for the period	-25	1	-24	-14	1	-13

SEK million	Mar 31 2023	Corr.	Mar 31 2023	Jun 30 2023	Corr.	Jun 30 2023
Goodwill	706	13	720	688	13	701
Other intangible assets	120	-	120	110	-	110
Property, plant and equipment	145	-	145	144	-	144
Financial assets	3	-	3	3	-	3
Total non-current assets	975	13	988	946	13	959
Inventories	249	-	249	237	-	237
Trade receivables	145	-	145	128	-	128
Tax assets	19	-	19	26	-	26
Other current receivables	4	-	4	8	-	8
Prepaid expenses and accrued income	48	6	54	43	5	48
Cash and cash equivalents	78	-	78	67	-	67
Total current assets	543	6	549	510	5	515
TOTAL ASSETS	1,518	19	1,537	1,455	18	1,473
Share capital	7	-	7	7	-	7
Other contributed capital	849	-	849	849	-	849
Warrants	2	-	2	2	-	2
Retained earnings, including profit for the period	-100	9	-91	-114	10	-104
Total equity	758	9	767	744	10	754
Non-current liabilities						
Deferred tax liabilities	48	-1	47	46	-1	45
Other non-current liabilities	409	-	409	393	-	393
Total non-current liabilities	456	-1	455	439	-1	438
Current liabilities						
Advances from customers	6	-	6	5	-	5
Trade payables	77	-	77	69	-	69
Current tax liabilities	8	-	8	8	-	8
Current lease liabilities	17	-	17	16	-	16
Other current liabilities	89	-	89	71	-	71
Accrued expenses and deferred income	107	12	119	104	9	113
Total current liabilities	304	12	316	273	9	282
Total liabilities	760	10	770	711	8	719
TOTAL EQUITY AND LIABILITIES	1,518	19	1,537	1,455	18	1,473

Note 9. Alternative performance measures¹

In this interim report Seafire presents certain financial measures that are not defined under IFRS. These are referred to as alternative performance measures. The Company believes that these APMs provide valuable additional information for stakeholders and investors, as they offer a different perspective on financial performance and financial position.

The table below contains definitions of Seafire's performance measures. The calculation is shown separately below.

Non-IFRS measures	Description	Purpose
Organic growth, %	Increase in net sales in the period adjusted for acquisitions and divestments/Net sales in the comparative period.	This performance measure is used in connection with analyses of underlying growth in revenue driven by comparable entities between different periods.
Acquired growth, %	Increase in net sales from acquisitions in the period/Net sales in the comparative period.	This performance measure is used to monitor the proportion of the increase in the Company's sales that is generated through acquisitions.
Gross profit	Net sales less cost of sold goods/services sold.	Gross profit is used to analyze the manufacturing and sales process and cost efficiency.
Gross margin	Gross profit expressed as a percentage of net sales in the period.	The gross margin is used to monitor the gross contribution after direct expenses for goods and services.
Operating expenses	Personnel costs and other external expenses	Used to summarize indirect cost base development relative to net sales.
EBITDA	Operating profit before depreciation, amortization and impairment.	EBITDA is a measure that is used to monitor operational performance and facilitates comparisons of profitability between different companies and sectors.
Adjusted EBITDA	Operating profit before depreciation, amortization and impairment after the elimination of items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable time periods and to show the underlying trend in operational performance excluding non-recurring items.
Adjusted EBITDA pro forma R12	Operating profit before depreciation, amortization and impairment after the elimination of items affecting comparability for the previous 12 months, including the outcome of completed acquisitions	This performance measure is determined in relation to net debt in order to monitor developments in the Company's level of indebtedness.
EBITA	Operating profit before amortization and impairment attributable to acquired surplus values.	Together with EBITDA, EBITA provides a picture of the profit that is generated by operating activities.
Adjusted EBITA	Adjusted operating profit before amortization and impairment of intangible assets and acquired surplus values, after the elimination of items affecting comparability.	Items affecting comparability are adjusted to facilitate a fair comparison between two comparable time periods and to show the underlying trend in operational performance excluding non-recurring items.
Adjusted EBITA margin	EBITA result expressed as a percentage of net sales during the period.	The EBITA margin is used to monitor the profitability of the business.
Items affecting comparability	Transaction-related costs, restructuring costs, purchase consideration remeasurement, capital gains on the sale of businesses and non-current assets, and other income and expenses considered to be non-recurring in nature.	Items affecting comparability represent income and expenses that are not attributable to the underlying performance of the business.

Net debt	Interest-bearing liabilities less interest-bearing receivables less cash and cash equivalents.	This performance measure is an indicator of the Company's level of indebtedness and is used by the Company to assess the scope to fulfill financial obligations.
Organic growth	Increase in net sales in the period adjusted for acquisitions and divestments divided by net sales in the comparative period.	This performance measure is used in connection with analyses of underlying growth in revenue driven by comparable entities between different periods.
Pro forma	Outcome for the period adjusted to include the outcome of acquisitions for the previous 12 months.	Used to facilitate comparisons between full year periods by adjusting for the full-year effect of completed acquisitions.

Calculations of the alternative performance measures are presented in the tables shown below.

Calculation of organic growth

	Q1 2024	Q1 2023	R12 2024	Full year 2023
Percentage points				
Organic growth	-17%	14%	-11%	-5%
Acquired growth	4%	54%	12%	22%
Recognized growth	-13%	68%	1%	17%
	Q1 2024	Q1 2023	R12 2024	Full year 2023
SEK million				
Net sales, base	253	151	953	851
Net sales, income growth	-42	21	-105	-42
Total organic growth	-17%	14%	-11%	-5%

EBITA and adjusted EBITA

	Q1 2024	Q1 2023	R12 2024	Full year 2023
SEK million				
EBIT	-1	10	2	13
Reversal of amortization and impairment attributable to acquired surplus values	6	6	68	68
EBITA	5	16	70	81
Items affecting comparability	1	9	-17	-9
Adjusted EBITA	6	25	53	72

EBITDA and adjusted EBITDA

	Q1 2024	Q1 2023	R12 2024	Full year 2023
SEK million				
EBIT	-1	10	2	13
Reversal of depreciation, amortization and impairment of property, plant and equipment and intangible assets	13	13	97	97
EBITDA	12	23	99	110
Items affecting comparability	1	9	-17	-9
Adjusted EBITDA	13	32	82	101

Items affecting comparability

	Q1 2024	Q1 2023	R12 2024	Full year 2023
SEK million				
Transaction costs	-	4	3	7
Costs for change of listing	-	5	3	8
Contingent consideration remeasurement	-	-	-28	-28
Restructuring costs	1	-	5	4
Items affecting comparability	1	9	-17	-9

Adjusted EBITDA pro forma R12

SEK million	Q1 2024	Q1 2023	Full year 2023
EBITDA R12	99	126	110
Items affecting comparability	-17	-14	-9
Adjusted EBITDA R12	82	112	101
Acquired companies	-	26	3
Adjusted EBITDA pro forma R12	82	138	104

Net debt, Net debt/Adjusted EBITDA pro forma R12

SEK million	Q1 2024	Q1 2023	Full year 2023
Interest-bearing liabilities	243	354	234
Lease liabilities	33	38	37
Contingent consideration due within 12 months	5	21	5
Less: cash and cash equivalents	-49	-78	-46
Net debt	232	336	230
Adjusted EBITDA R12	82	138	104
Net debt/Adjusted EBITDA pro forma R12, times	2.8	2.4	2.2

Adjusted net debt including deferral from the Swedish Tax Agency and all contingent consideration, adjusted net debt/adjusted EBITDA pro forma R12

SEK million	Q1 2024	Q1 2023	Full year 2023
Net debt	232	336	230
Outstanding deferral from the Swedish Tax Agency and contingent consideration due for payment after 12 months	98	63	99
Adjusted net debt	330	399	329
Adjusted EBITDA R12	82	138	104
Adjusted net debt/Adjusted EBITDA pro forma R12, times	4.0	2.9	3.2

1) The comparative figures have been restated. See Note 8 for more information.