

LEAX GROUP AB

Interim Financial Report

Q3 2022



INTERIM FINANCIAL REPORT Q3 2022

“STEADY GROWTH BUT CHALLENGES PERSIST”

- TONY NICOL, GROUP PRESIDENT AND CEO

The quarter July–September

- Net Sales increased to SEK 445.9 million (365.0)
- Operating profit decreased to SEK -5.7 million (3.2)
- Earnings before tax (EBT) decreased to SEK -12.5 million (-10.2)
- Net income for the period decreased to SEK -16.4 million (-10.5)
- Cash flow from operating activities amounted to SEK 17.2 million (-39.4)

The period January–September

- Net Sales increased to SEK 1,422.4 million (1,302.4)
- Operating profit decreased to SEK 13.2 million (54.0)
- Earnings before tax (EBT) decreased to SEK 0.8 million (22.4)
- Net income for the period decreased to SEK -5.1 million (18.3)
- Cash flow from operating activities amounted to SEK 84.4 million (31.3)

Significant events during and after the quarter

- Press release September 16, 2022, LEAX Group invests in Green Tech start-up BRUDEL Green Mobility AS.

Key Ratios, MSEK	Jul-Sep		Jan-Sep		Full year
	2022	2021	2022	2021	2021
Net Sales	445.9	365.0	1,422.4	1,302.4	1,745.1
Operating profit	-5.7	3.2	13.2	54.0	58.8
EBT	-12.5	-10.2	0.8	22.4	15.2
Net Income	-16.4	-10.5	-5.1	18.3	21.1
Cash flow from operating activities	17.2	-39.4	84.4	31.3	137.2
Earnings per share before dilution, SEK	-1.3	-0.85	-0.44	1.39	1.58
Earnings per share after dilution, SEK	-0.79	-0.85	-0.27	1.39	1.58
Number of shares before dilution	12 593 750	12 593 750	12 593 750	12 593 750	12 593 750
Number of shares after dilution	20 755 126	12 593 750	20 755 126	12 593 750	12 593 750

For full key ratios table and descriptions of alternative performance measures, see page 15.

COMMENTS FROM GROUP PRESIDENT AND CEO

Steady Growth but Challenges Persist

In the third quarter of 2022 revenue continued to grow despite the persistent supply chain challenges faced by our customers, specifically in Heavy Commercial Vehicles and Passenger Car markets.

Sales within our largest customer end market, Heavy Commercial Vehicles, increased during the third quarter 2022 compared to the third quarter 2021. In general, our customers have done a better job at managing the difficulties in global supplies. However, a more stable supply of components has been somewhat offset by logistics bottlenecks driven by driver shortages. From a financial perspective we continue to be suboptimized from a capacity utilisation perspective and continue to underperform relative to what we expect from the strong order books in the market.

In the third quarter our Passenger Car business was directly affected by China's zero-Covid policy which is causing massive output disruptions in areas where outbreaks occur. Group profitability was impacted on this lower volume along with significant increases in the prices for energy, logistics and other commodities which impacted all LEAX businesses. Inflationary costs have impacted our result in the third quarter, but this is mostly a timing effect as we have contractual mechanisms in place and are taking an active approach to cost recovery and reduction.

The business outlook is difficult to predict with all this uncertainty in the global economy. Despite this uncertainty we remain focused on delivering all aspects of the LEAX value proposition to our customers. We continue to make strategic investments which are supporting sustainable value and the strategic vision we have for LEAX.

To support this vision, we made a strategic investment in Green Tech start-up BRUDEL Green Mobility AS. BRUDEL offer long-haul trucking powered by 80 percent electricity. BRUDEL's goal is to bring its patented electrified truck transmissions to the market, starting serial deliveries in 2026. With this investment we see a clear strategic fit with LEAX ambition to develop fully integrated systems with a high degree of innovation. There is a strong cultural fit with the highly experienced and motivated BRUDEL team, and we look forward to helping them develop their ground-breaking technology.



Tony Nicol, Group president and CEO

THIS IS LEAX GROUP

LEAX is a supplier of systems, advanced components, and mechanical solutions, LEAX has several major end customer markets such as Heavy Commercial Vehicles, Passenger Cars, Mining & Construction, Agricultural and General Industry. General industry comprises of customers in the capital goods market that currently do not belong to LEAX other end markets. The company's products and solutions are applicable in various applications and can be adapted to the end market and the needs that arise in the customers' value chain.

LEAX supplies components and subsystems to our various end markets and focuses on highly complex and sustainable solutions.

The Group consists of nine operating companies, three real estate companies and two associated companies that individually develop and run their operations. However, the companies within LEAX cooperate to a large extent to realize the synergies that exist within the Group.

LEAX governance/follow-up and allocation of resources is based on the Group as a whole and the responsibility of the CEO. For operational purposes, the Group is divided into two business areas and three support areas. The two business areas are International and Nordics/South America. The CEO reports to the Board of Directors of LEAX. The Board consists of six members whereof three are independent both in relation to the company's major shareholders and in relation to the company and its executive management. All members are proposed by a nomination committee.

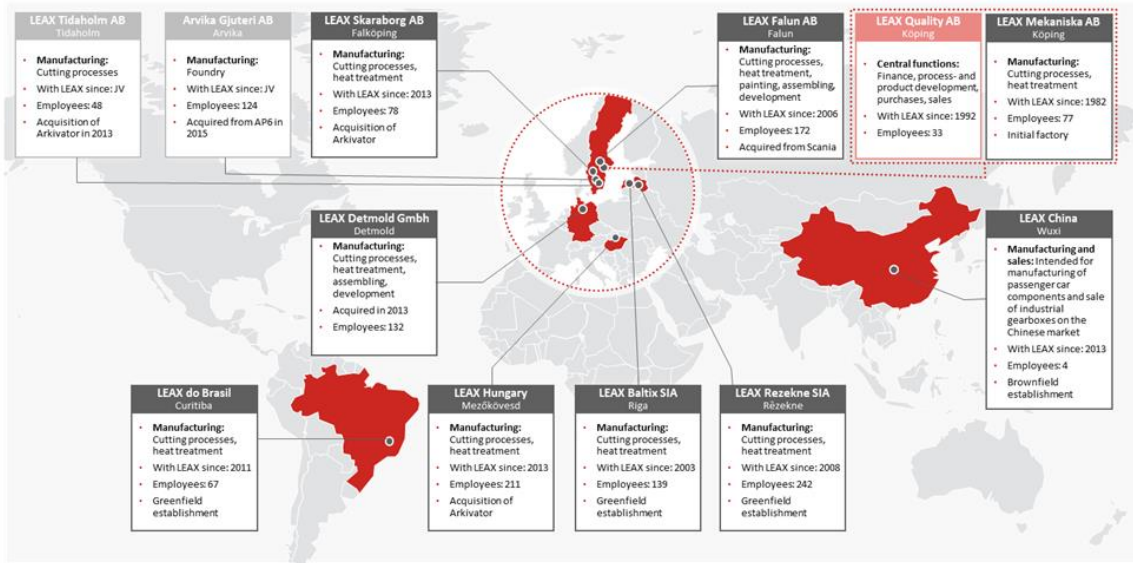
Vision and Mission

LEAX Vision is "To be a recognized leader in the design, development and industrialization of advanced manufacturing solutions and superior products for global mobility and industrial markets" and our Mission is "To exceed our customers' expectations through the continuous pursuit of excellence in every aspect of our business and by maximizing value for all stakeholders".

Strategic geographic presence

LEAX has laid the foundation for a broad product portfolio combined with a global presence to be able to deliver to its international customer base. LEAX has established the right conditions to develop the company in line with LEAX strategy. As part of the company's growth with its existing customers LEAX has established itself in geographically strategic locations. LEAX is now active on three continents: Europe, South America and Asia, with local production in Sweden, Germany, Brazil, China, Hungary and Latvia. Through the local presence, the platform is established for LEAX to develop and gain market share in South America and Asia, among others.

Overview of LEAX factories and offices



Customers in

> 40

Production in

11

Approximately

1 200

Countries (150 including indirect deliveries through customers)

Factories on three continents

LEAX employees

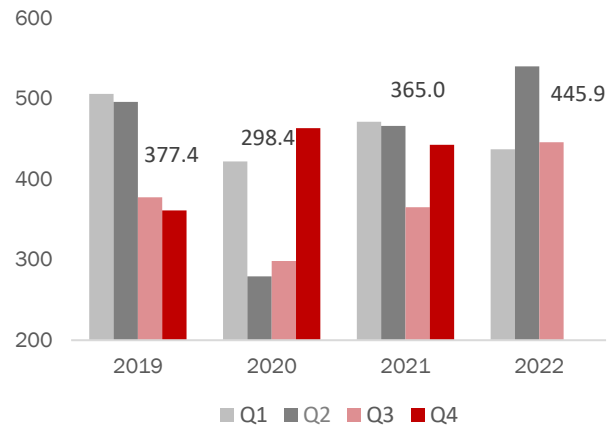
FINANCIAL INFORMATION

NET SALES

Net sales for the third quarter amounted to SEK 445.9 million (365.0) which is an increase of 22.2% compared to the same period last year. The increase derived from strong volumes in Mining & Construction and General Industry end customer markets, and from a significant improvement Q3 2022 vs Q3 2021 in Heavy Commercial Vehicles.

Net sales for the first nine months amounted to SEK 1,422.4 million (1,302.4) which is an increase of 9.2% compared to the same period last year. The volumes in the second and third quarters have been good in most end customer markets and have recovered from the first quarter with less disturbances within our customers' supply chains.

Net Sales per quarter, MSEK

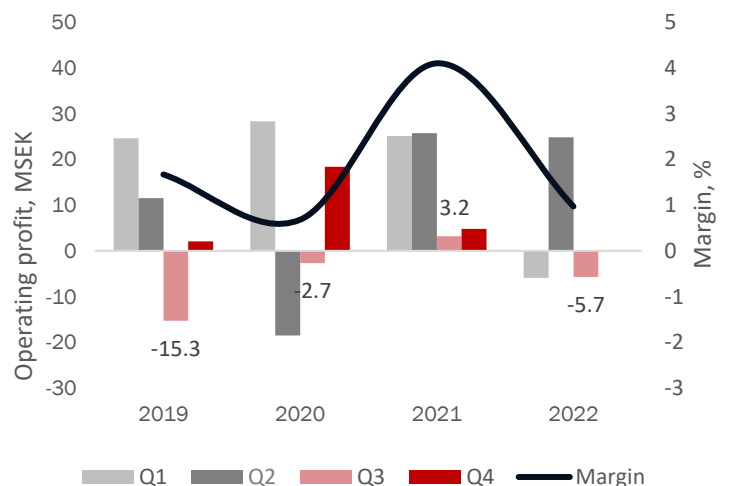


OPERATING PROFIT

In the third quarter Operating profit decreased to SEK -5.7 million (3.2). The decrease is mainly due to variation in product mix and inflation recovery timing.

Operating profit for the first nine months amounted to SEK 13.2 million (54.0) which is a decrease of 75.6% compared to same period last year. The negative start of the year due to significantly lower volumes related to short notice stoppages from customers has during the second and third quarters evolved into a more normal and stable volume level. The first nine months were also impacted by onetime costs related to the IPO process. Moreover, we have the effect from inflation recovery timing.

Operating profit per quarter



FINANCIAL INCOME & EXPENSES AND EARNINGS BEFORE TAX

Net financial income and expenses for the third quarter amounted to SEK -6.8 million (-13.4) which is an improvement of 49.5%. The amount includes unrealised currency effect of SEK 4.7 million (-1.3). The unrealised currency effect mainly relates to group internal loans. Net financial income and expenses for the first nine months amounted to SEK -12.4 million (-31.6) which is an improvement of 60.6%. The amount includes unrealised currency effect of SEK 19.1 million (4.6).

Earnings before tax (EBT) for the third quarter was SEK -12.5 million (-10.5) and for the first nine months SEK 0.8 million (22.4).

INCOME TAXES

Income taxes for the first nine months amounted to SEK -5.9 million (-4.1). Income taxes are mainly related to dissolution of deferred taxes.

CASH FLOW

Cash flow from operating activities for the third quarter amounted to SEK 17.2 million (-39.4). Cash flow from investing activities amounted to SEK -30.3 million (-15.7). Cash flow from financing activities amounted to SEK 15.7 million (51.8).

Cash flow from operating activities for the first nine months amounted to SEK 84.4 million (31.3). Cash flow from investing activities amounted to SEK -36.3 million (-75.0). Cash flow from financing activities amounted to SEK -46.4 (31.6).

FINANCIAL POSITION

As of September 30, 2022, the Group's balance sheet total amounted to SEK 1,708.0 million (1,540.3). The Group's equity amounted to SEK 595.3 million (187.3). During the second quarter new preference shares were issued at an amount of SEK 408.1 million, whereof SEK 300.0 million in cash investment from AMF and SEK 108.1 million in a non-cash issue to current majority owners. The related investment of SEK 108.1 million was a real estate investment made in the form of four production facilities including related loans. Following this real estate investment, other right-of-use assets and leasing liabilities have been adjusted accordingly. During the second quarter LEAX acquired shares in the subsidiaries LEAX Baltix SIA and LEAX Rezekne SIA from minority holders in the amount of SEK 5.5 million. LEAX capital share in each company has increased from 93.4% to 98.0%.

At the end of the period, net debt was SEK 639.3 million (1,014.0). The decrease is explained by the repayment of the bond loan during the second quarter. The Group's cash and cash equivalents amounted to SEK 13.8 million (8.0).

The Board of Directors assesses that the Group is financially stable enough to meet its obligations and continue its business for the foreseeable future.

OTHER INFORMATION

RISKS AND UNCERTAINTY FACTORS

The company does not consider that there are any material changes during the reporting period in the risks and uncertainty factors presented in the annual report. Market forecasts are based on current visibility, which is low. Uncertainty is significant due to difficulty in assessing supply chain capacity, the ongoing Covid-19 pandemic and the war in Ukraine and the company sees a continued risk caused by supply chain volatility. For information regarding the most significant risks and uncertainty factors, please read the description in the annual report for 2021.

PARENT COMPANY

LEAX Group AB directly or indirectly owns all companies in the Group. Equity amounted to SEK 511.8 million (88.6).

THE COMPANY'S MAJOR SHAREHOLDERS

LEAX Group AB (publ) has its registered office in Köping, Sweden. At the end of the quarter, the Berggren and Seger families directly or indirectly owned 64.3% of the shares, with a voting right of 85.4%. AMF owns 28.9% with a voting right of 4.5%. The remaining part is owned by key persons active in the group.

DIVIDEND

The dividend for the 2021 fiscal year amounted SEK 0 (0) per share. A directed dividend of SEK 0.39 per share, in total SEK 3.2 million, related to the preference shares was calculated for the period from April 7, 2022, to June 30, 2022, and settled in July.

MARKET DEVELOPMENT AND PROSPECTS

The business outlook is difficult to predict with all this uncertainty in the global economy. Despite this uncertainty we remain focused on delivering all aspects of the LEAX value proposition to our customers. We continue to make strategic investments which are supporting sustainable value and the strategic vision we have for LEAX.

The Swedish Government has made a suggestion that companies will receive some compensation for high electricity costs for the period October 2021 – September 2022. If this compensation is received in full in accordance with the government's communication, it will be reported as other income and is assumed to have a positive impact on results and cash flow.

ANNUAL GENERAL MEETING

The Annual General Meeting took place May 5, 2022, at Nya Hamnvägen 4 in Köping, Sweden. In addition, an extraordinary general meeting was held on April 7, 2022, at Nya Hamnvägen 4 in Köping, Sweden.

OTHER

The functional currency of the parent company is the Swedish krona which also is the reporting currency for the group and the parent company. All amounts, if nothing else is stated, are presented in SEK million with one decimal. The amounts in tables and reports do not always sum up exactly to the total amount due to rounding. The purpose is that each amount should equal its origin and rounding differences can therefore occur.

This report has not been reviewed by the company's auditors.

THE BOARD OF DIRECTORS AND THE CEO ASSURANCE

The Board of Directors and the CEO assure that this interim report provides a true and fair view of the Group's and the parent company's operations, position and results and describes the significant risks and uncertainties facing the parent company and the companies that are part of the Group.

Köping, November 17, 2022

Roger Berggren
Chairman of the Board

Lars Davidsson
Deputy Chairman of the Board

Jonas Lundgren
Board member

Bent Wessel-Aas
Board member

Jessica Alenius
Board member

Lars Wrebo
Board member

Anthony Nicol
Group President and CEO

INCOME STATEMENT FOR THE GROUP

Consolidated statement of comprehensive income for the group

MSEK	Note	2022	2021	2022	2021	2021
		Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Sales	2	445.9	365.0	1,422.4	1,302.4	1,745.1
Other operating income		15.2	6.7	34.1	27.3	36.7
Change in work in progress and finished goods		8.4	5.4	-2.5	16.9	21.7
Capitalized work for own account		1.6	0.8	3.9	3.2	4.1
Raw material and consumables		-239.6	-174.6	-717.5	-649.2	-875.6
Other external costs		-91.3	-64.3	-263.0	-205.2	-282.2
Employee benefits		-96.8	-91.2	-325.5	-316.4	-421.8
Depreciation, amortization and write down of fixed assets		-38.3	-42.8	-116.4	-122.8	-164.2
Other operating expenses		-5.2	-3.9	-17.0	-8.6	-13.3
Share according to the equity method		-5.7	2.1	-5.3	6.5	8.2
Operating profit		-5.7	3.2	13.2	54.0	58.8
Financial income		-3.9	0.5	-2.9	1.9	3.5
Financial expenses		-2.8	-13.9	-9.5	-33.5	-47.1
Financial income and expenses, net		-6.8	-13.4	-12.4	-31.6	-43.6
Earnings before tax, EBT		-12.5	-10.2	0.8	22.4	15.2
Income taxes		-3.9	-0.2	-5.9	-4.1	5.9
Net income		-16.4	-10.5	-5.1	18.3	21.1
Of which attributable to						
Owners of the parent		-16.3	-10.7	-5.5	17.5	19.9
Non-controlling interests		-0.1	0.3	0.4	0.8	1.2
Net income		-16.4	-10.5	-5.1	18.3	21.1
Earnings per share						
before dilution (SEK)		-1.30	-0.85	-0.44	1.39	1.58
after dilution (SEK)		-0.79	-0.85	-0.27	1.39	1.58
Earnings per share from continuing operations						
before dilution (SEK)		-1.30	-0.85	-0.44	1.39	1.58
after dilution (SEK)		-0.79	-0.85	-0.27	1.39	1.58

Consolidated statement of other comprehensive income for the group

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net income	-16.4	-10.5	-5.1	18.3	21.1
Other comprehensive income					
Items that may be subsequently reclassified to profit or loss					
Translation differences	16.2	0.8	16.2	3.1	-0.6
Other comprehensive income for the period	16.2	0.8	16.2	3.1	-0.6
Total comprehensive income for the period	-0.2	-9.8	11.1	21.4	20.5
Total comprehensive income for the period attributable to:					
Owners of the parent	5.1	-10.2	16.4	21.3	20.4
Non-controlling interests	-5.3	0.4	-5.3	0.1	0.1
Total comprehensive income for the period	-0.2	-9.8	11.1	21.4	20.5

BALANCE SHEET FOR THE GROUP

Consolidated statement of financial position for the group

MSEK	Note	2022 Sep 30	2021 Sep 30	2021 Dec 31
Assets				
Intangible fixed assets	2	36.4	25.5	28.8
Tangible fixed assets	2	865.5	718.2	690.3
Other right-of-use assets	2	68.6	152.0	146.6
Shares in associated companies		35.7	44.4	46.2
Deferred tax asset		73.9	70.7	77.9
Non-current receivables		20.3	17.5	17.4
Other financial assets		3.3	0.1	0.1
Total fixed assets		1,103.9	1,028.5	1,007.3
Inventories		317.4	280.8	289.6
Trade receivables		219.3	172.3	154.0
Current tax assets		16.0	13.1	9.5
Other current receivables		20.4	14.3	22.6
Prepaid expenses and accrued income		17.2	23.3	18.0
Cash and cash equivalents ¹		13.8	8.0	10.6
Total current assets		604.1	511.8	504.4
Total assets		1,708.0	1,540.3	1,511.7
Equity				
Share capital		41.5	25.2	25.2
Translation reserve		8.2	-9.6	-13.3
Retained earnings incl net income		542.7	164.3	166.7
Total equity attributable to owners of the parent		592.4	179.8	178.6
Non-controlling interests		2.9	7.4	7.8
Total equity		595.3	187.3	186.4
Liabilities				
Interest-bearing liabilities, non-current ¹		568.4	645.3	543.3
Other non-current liabilities		39.4	32.3	31.3
Deferred tax liabilities		13.1	15.2	4.9
Total non-current liabilities		620.9	692.7	579.5
Interest-bearing liabilities, current ¹		84.6	368.1	377.7
Advances from customers		4.8	4.1	4.5
Trade payables		229.9	157.8	239.7
Liabilities to associated companies		–	4.0	–
Current tax liabilities		5.7	3.4	6.8
Other current liabilities		97.6	42.2	42.5
Accrued expenses and deferred income		69.1	80.7	74.6
Total current liabilities		491.8	660.3	745.8
Total liabilities		1,112.7	1,353.0	1,325.4
Total equity and liabilities		1,708.0	1,540.3	1,511.7

¹ LEAX own holdings in the bond are shown using netting, meaning they have reduced current interest-bearing liabilities for 2021

CHANGES IN EQUITY FOR THE GROUP

Consolidated statement of changes in equity for the group

2021	Total equity						
	MSEK	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance January 1, 2021		25.2	-12.6	146.8	159.4	6.5	165.9
Comprehensive income							
Net income for the period				17.5	17.5	0.8	18.3
Other comprehensive income			3.0	–	3.0	0.1	3.1
<i>Total comprehensive income</i>			3.0	17.5	20.5	0.9	21.4
Closing balance September 30, 2021		25.2	-9.6	164.3	179.8	7.4	187.3

2022	Total equity						
	MSEK	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance January 1, 2022		25.2	-13.3	166.7	178.6	7.8	186.4
Comprehensive income							
Net income for the period				-5.5	-5.5	0.4	-5.1
Other comprehensive income			21.5	–	21.5	-5.3	16.2
<i>Total comprehensive income</i>			21.5	-5.5	16.0	-4.9	11.1
Transactions with shareholders							
Dividends		–	–	-3.2	-3.2	–	-3.2
New share issue ¹		16.3	–	–	16.3	–	16.3
Share premium		–	–	384.7	384.7	–	384.7
<i>Total transactions with shareholders</i>		16.3	–	381.5	397.8	–	397.8
Closing balance September 30, 2022		41.5	8.2	542.7	592.4	2.9	595.3

¹ Classification adjustment has been made in share capital compared to what was reported in Q2 2022 to share premium. The share capital should have been 41.5 instead of 433.3, total equity amount was however correct.

CASH FLOW STATEMENT FOR THE GROUP

Consolidated cash flow statement for the group

<i>MSEK</i>	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating activities					
Earnings before tax	-12.5	-10.2	0.8	22.4	15.2
Adjustment for non-cash items	43.2	41.9	120.0	117.6	158.0
Income taxes paid	0.2	-0.3	-6.2	-5.5	-4.8
	30.9	31.4	114.6	134.5	168.3
Increase (-) /Decrease (+) of inventories	-20.1	-6.7	-14.4	-37.4	-46.9
Increase (-) /Decrease (+) of operating assets	29.9	-18.4	-53.7	-0.8	11.6
Increase (+) /Decrease (-) of operating liabilities	-23.4	-45.7	37.9	-64.9	4.1
Cash flow from operating activities	17.2	-39.4	84.4	31.3	137.2
Investing activities					
Investments in tangible and intangible fixed assets	-23.4	-17.4	-82.1	-71.6	-77.6
Investments in other right-of-use assets	-0.7	-2.1	-6.3	-9.4	-15.3
Disposals of tangible and intangible fixed assets	–	3.8	2.2	6.0	6.3
Acquisition of shares in subsidiaries	-1.1	–	-6.6	–	–
Disposal of other right-of-use assets	–	–	61.7	–	–
Investments in financial fixed assets	-5.1	–	-5.1	–	–
Cash flow from investing activities	-30.3	-15.7	-36.3	-75.0	-86.7
Financing activities					
New share issue	–	–	300.0	–	–
Change in overdraft facility	35.6	73.7	72.3	62.5	-12.3
New borrowings	0.6	22.0	15.7	22.0	22.0
Repayment of borrowings	-10.0	-34.2	-340.9	-28.5	-32.7
Paid out dividend	-3.2	–	-3.2	–	–
Amortization of lease liability	-7.2	-9.8	-90.3	-24.4	-36.7
Cash flow from financing activities	15.7	51.8	-46.4	31.6	-59.8
Cash flow for the period	2.7	-3.3	1.7	-12.0	-9.2
Cash and cash equivalents at the beginning of the period	10.6	11.9	10.6	19.4	19.4
Translation difference on cash and cash equivalents	0.5	-0.5	1.4	0.5	0.4
Cash and cash equivalents at the end of the period	13.8	8.0	13.8	8.0	10.6

KEY RATIOS FOR THE GROUP

Key Ratios

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
EBITDA ¹	32.6	46.0	129.6	176.8	223.0
EBITDA margin % ¹	7.3	12.6	9.1	13.6	12.8
Operating margin % ¹	-1.3	0.9	0.9	4.1	3.4
EBT margin % ¹	-2.8	-2.8	0.1	1.7	0.9
Net Sales Growth % ¹	22.2	22.3	9.2	30.3	19.3
Cash flow from operations ¹	-13.1	-55.1	48.1	-43.6	50.6
Net Debt ¹	639.3	1,005.4	639.3	1,005.4	910.5
Net Sales by customer end markets in % ¹					
Heavy Commercial Vehicles (%)	57.3	52.6	59.2	61.7	61.6
General Industry (%)	25.6	21.4	21.9	18.9	19.4
Mining & Construction (%)	3.1	2.3	2.9	2.0	2.1
Agriculture (%)	0.8	0.7	0.8	0.7	0.8
Passenger Cars (%)	13.2	23.0	15.3	16.7	16.0
Net Debt / Equity ¹	1.1	5.4	1.1	5.4	4.9
Net Debt / EBITDA LTM ¹	3.4	4.6	3.4	4.6	4.1

¹ Non-IFRS financial measures are reconciled at the end of this report to the most directly reconcilable line items in the financial statements

NOTES

Note 1 Accounting policies

The interim report for the group has been prepared in accordance with IAS 34 Interim Financial Reporting. The interim report for the parent company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Accounting Standards Council's recommendation RFR 2 Accounting for Legal Entities.

The group applies the International Financial Reporting Standards (IFRS) adopted by the EU and the Swedish Annual Accounts Act.

The term "IFRS" in this document includes the application of IAS and IFRS, as well as the interpretations of these standards as published by IASB's Standards Interpretation Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

The group and the parent company apply the same accounting policies and calculation models as in the annual report for 2021.

Governmental packages due to Covid-19 and other support are reported in the income statement under other operating income or as reduction of cost depending on the classification. The income or reduction is reported in the period in which it was received.

The bond loan has previously been non-current, but as the loan matured and was settled in May 2022, it is classified as current as of June 2021. Previously, LEAX own holdings in the bond were reported as cash and cash equivalent but as of 2021 the holdings are reported net against the bond loan under current liabilities and under long-term liabilities for 2020. These changes in the consolidated financial statements have also meant that certain key figures have been updated.

During 2021 an agenda decision was published by IFRS Interpretations Committee (IFRS IC) on configuration or customization costs in cloud computing arrangements. The consequence of the agenda decision is that some intangible assets might have to be expensed retroactively or reclassified in the balance sheet. Another consequence is that it will not be possible to capitalize future configuration or customization costs in cloud computing arrangements to the same extent as today in future financial reports. LEAX is carrying out an analysis on the full effects of IFRS IC's agenda decision. It is not considered to have any significant impact on the Group.

No other new or revised IFRS entering into force during 2022 have had any material effect on the group. The group has not applied any standards in advance, that have been published but not yet come into force. For a more detailed description of the group's applied accounting policies as well as new and coming accounting standards we refer to note 1 in the Annual Report for 2021.

Note 2 Net Sales

LEAX customers are mainly leading large multinational companies with sales and production worldwide that are active in the premium segments in their respective markets.

The Net Sales by Country or Region table is based on the customers' geographical location.

Fixed Assets by Country or Region are the sum of intangible fixed assets, tangible fixed assets and other right-of-use assets.

Net Sales and Fixed Assets by Country or Region

<i>MSEK</i>	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Sales by Country or Region					
Sweden	198.3	167.8	699.8	664.6	893.9
Germany	27.9	25.6	80.2	82.7	109.2
Netherlands	50.8	32.3	162.2	151.0	204.3
Rest of Europe	95.6	32.4	149.9	125.1	170.5
South America	68.5	38.4	142.6	98.4	128.0
Asia	37.5	60.1	151.8	154.7	206.7
Rest of World	6.3	8.3	36.1	25.9	32.4
	445.9	365.0	1,422.4	1,302.4	1,745.1

<i>MSEK</i>	2022	2021	2021
	Sep 30	Sep 30	Dec 31
Fixed Assets by Country or Region			
Sweden	348.6	360.1	346.3
Rest of Europe	561.5	485.4	470.9
Rest of World	60.5	50.2	48.5
	970.6	895.8	865.7

Note 3 Transactions with related parties

No dividend has been paid out from LEAX Group AB (publ) during 2021. During the third quarter 2022 a directed dividend of SEK 0.39 per share, in total SEK 3.2 million, related to the preference been settled. The calculated dividend to related parties was SEK 0.8 million.

No other changes in transactions between LEAX and related parties which significantly have affected the company's position and earnings have taken place. For a more detailed description of the transactions with related parties we refer to note 24 in the Annual Report for 2021.

Note 4 Acquisitions during the quarter

On July 1, 2022, LEAX acquired Swedish PowerTrain Techcenter AB. The company had previously been held as an associated company with an ownership stake of 50%. See the table below for company details:

Subsidiaries, reg.no. and registered office	Number of shares	Voting and capital share %
<i>MSEK</i>		
Swedish PowerTrain Techcenter AB, 556654-6775, Sibbhult, Sweden	20,000	100.0

According to the acquisition analysis, the assets and liabilities that were included in the completed acquisition during the third quarter amounted to the following:

Acquisition analysis

<i>MSEK</i>	Total
Receivables	0.2
Other current assets	1.9
Other liabilities	0.0
Net assets acquired	2.1
Overvalue/Goodwill	–
Deferred tax	–
Acquisition value	2.1

Purchase considerations for acquisitions totalled SEK 2.1 million. No excess value was identified at the time of acquisition.

Note 5 Significant events after the end of the period

No significant events after the end of the period.

INCOME STATEMENT FOR THE PARENT COMPANY

Income statement, parent company

<i>MSEK</i>	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Other operating income	0.2	0.0	0.4	0.1	0.1
Other external costs	3.1	-0.3	-4.2	-0.4	-4.0
Other operating expenses	0.0	–	-0.1	0.0	0.0
Operating profit	3.3	-0.3	-4.0	-0.4	-3.9
Financial income and expenses, net	5.5	-23.8	16.3	-25.3	-44.3
Earnings before tax, EBT	8.7	-24.1	12.3	-25.6	-48.2
Appropriations	–	–	–	–	30.7
Income taxes	–	–	–	–	4.0
Net income	8.7	-24.1	12.3	-25.6	-13.5

BALANCE SHEET FOR THE PARENT COMPANY

Balance sheet, parent company

<i>MSEK</i>	2022	2021	2021
	Sep 30	Sep 30	Dec 31
Assets			
<i>Financial fixed assets</i>			
Shares in group companies	395.4	288.7	288.7
Shares in associated companies	3.5	8.7	8.7
Receivables from group companies	437.6	403.3	405.9
Receivables from associated companies	30.1	23.3	23.6
Deferred tax assets	11.2	9.3	11.2
Other financial assets	3.2	0.0	0.0
Total fixed assets	881.0	733.3	738.1
<i>Current assets</i>			
Receivables from group companies	2.1	–	–
Prepaid expenses and accrued income	2.0	0.0	2.7
Cash and bank ¹	–	–	–
Total current assets	4.1	0.0	2.7
Total assets	885.1	733.4	740.7
Equity			
Share capital	41.5	25.2	25.2
Revaluation reserve	18.0	18.0	18.0
Retained earnings	439.9	71.1	71.1
Net income	12.3	-25.6	-13.5
Total equity	511.8	88.6	100.7
Liabilities			
<i>Non-current liabilities</i>			
Non-current interest-bearing liabilities	327.3	339.6	317.0
Liabilities to group companies	14.6	-0.1	19.6
Deferred tax liabilities	–	2.3	–
Total non-current liabilities	341.9	341.9	336.5
<i>Current liabilities</i>			
Current interest-bearing liabilities ¹	15.6	287.5	289.2
Liabilities to group companies	15.8	9.9	8.2
Liabilities to associated companies	–	4.0	–
Accrued expenses and deferred income	–	1.5	6.0
Total current liabilities	31.4	302.9	303.5
Total liabilities	373.3	644.7	640.0
Total equity and liabilities	885.1	733.4	740.7

¹ LEAX own holdings in the bond are shown using netting, meaning they have reduced current interest-bearing liabilities for 2021

DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

Definitions of key ratios not calculated according to IFRS for LEAX

Key ratios not calculated according to IFRS	Definition	Explanation
EBITDA	Earnings before interest, taxes, depreciation and amortisation	To improve the analysis and comparability between other EBITDA key ratios below
EBITDA margin %	EBITDA divided by Net Sales	To improve the analysis and comparability between other EBITDA key ratios below
Operating margin %	Operating profit divided by Net sales	To analyse the profitability of the operations and to compare the margin between different reporting periods
EBT margin %	Earnings before tax divided by Net Sales	To compare the margin between difference reporting periods
Net Sales Growth %	Change in net sales divided by net sales for the previous period.	To analyse LEAX growth
Cash flow from operations	Cash flow from operating activities plus cash flow from investing activities	To analyse the cash flow before external financing
Net debt	Interest-bearing liabilities reduced by cash and cash equivalents	To improve the analysis and comparability between other Net Debt key ratios below.
Net Sales by customer end markets in %	Net Sales by customer end markets in % of total Net Sales for customer end markets stated below: <ul style="list-style-type: none"> - Heavy Commercial Vehicles - General Industry - Mining & Construction - Agriculture - Passenger Cars 	The Group monitors sales related to end customers
Net Debt/Equity	Net Debt/Equity	LEAX monitors this key ratio as an additional way to measure the debt/ equity ratio
Net Debt/EBITDA LTM	Net Debt /EBITDA excl. for the last twelve months	LEAX monitors this key ratio to measure the debt/ equity ratio.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

The section below includes a reconciliation of the Alternative Performance Measures to the most directly reconcilable line items in the financial statements.

Key Ratios

EBITDA

Earnings before interest, taxes, depreciation and amortisation

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Sales	445.9	365.0	1,422.4	1,302.4	1,745.1
Other operating income	15.2	6.7	34.1	27.3	36.7
Change in work in progress and finished goods	8.4	5.4	-2.5	16.9	21.7
Capitalized work for own account	1.6	0.8	3.9	3.2	4.1
Raw material and consumables	-239.6	-174.6	-717.5	-649.2	-875.6
Other external costs	-91.3	-64.3	-263.0	-205.2	-282.2
Employee benefits	-96.8	-91.2	-325.5	-316.4	-421.8
Other operating expenses	-5.2	-3.9	-17.0	-8.6	-13.3
Income from associated companies	-5.7	2.1	-5.3	6.5	8.2
EBITDA	32.6	46.0	129.6	176.8	223.0

EBITDA margin %

EBITDA/Net sales

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Sales	445.9	365.0	1,422.4	1,302.4	1,745.1
EBITDA	32.6	46.0	129.6	176.8	223.0
EBITDA margin %	7.3	12.6	9.1	13.6	12.8

Operating margin %

Operating profit / Net Sales

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating profit	-5.7	3.2	13.2	54.0	58.8
Net Sales	445.9	365.0	1,422.4	1,302.4	1,745.1
Operating margin %	-1.3	0.9	0.9	4.1	3.4

EBT margin %

EBT divided by Net Sales

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Sales	445.9	365.0	1,422.4	1,302.4	1,745.1
EBT	-12.5	-10.2	0.8	22.4	15.2
EBT margin %	-2.8	-2.8	0.1	1.7	19.3

Net Sales Growth %

Change in Net Sales compared to previous period in %

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Sales	445.9	365.0	1,422.4	1,302.4	1,745.1
Change	80.9	66.6	120.0	302.8	282.3
Growth %	22.2	22.3	9.2	30.3	19.3

Cash flow from operations

Cash flow from operating activities and cash flow from investing activities

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Cash flow from operating activities	17.2	-39.4	84.4	31.3	137.2
Cash flow from investing activities	-30.3	-15.7	-36.3	-75.0	-86.7
Cash flow from operations	-13.1	-55.1	48.1	-43.6	50.6

Net Debt

Interest bearing liabilities, including lease liabilities, less cash and cash equivalents

MSEK	2022	2021	2022	2021	2021
	Sep 30	Sep 30	Sep 30	Sep 30	Dec 31
Interest-bearing liabilities, non-current	568.4	645.3	568.4	645.3	543.3
Interest-bearing liabilities, current	84.6	368.1	84.6	368.1	377.7
Cash and cash equivalents	13.8	8.0	13.8	8.0	10.6
Net Debt	639.3	1,005.4	639.3	1,005.4	910.5

Net Sales by customer end markets in %

Net Sales by customer end markets in % of total Net Sales for the end markets stated below:

%	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Heavy Commercial Vehicles (%)	57.3	52.6	59.2	61.7	61.6
General Industry (%)	25.6	21.4	21.9	18.9	19.4
Mining & Construction (%)	3.1	2.3	2.9	2.0	2.1
Agriculture (%)	0.8	0.7	0.8	0.7	0.8
Passenger Cars (%)	13.2	23.0	15.3	16.7	16.0
Net Sales by customer end markets in %	100.0	100.0	100.0	100.0	100.0

Net Debt/Equity

Net Debt/Equity

MSEK	2022	2021	2022	2021	2021
	Sep 30	Sep 30	Sep 30	Sep 30	Dec 31
Equity	595.3	187.3	595.3	187.3	187.3
Net Debt	639.3	1,005.4	639.3	1,005.4	910.5
Net Debt/Equity	1.1	5.4	1.1	5.4	4.9

Net Debt/EBITDA LTM

Adjusted Net Debt/Adjusted EBITDA LTM

MSEK	2022	2021	2022	2021	2021
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net Debt	639.3	1,005.4	639.3	1,005.4	910.5
EBITDA LTM	189.1	218.8	189.1	218.8	223.0
Net Debt/EBITDA LTM	3.4	4.6	3.4	4.6	4.1

Financial calendar		Contact information
Interim Report October-December 2022	February 24, 2023	Tony Nicol, Group President and CEO Phone: +44 (0)755 728 67 67 Mail: tony.nicol@leax.com
Annual Report 2022	April 5, 2023	Roger Berggren, Chairman of the Board Phone: +46 (0)70 655 99 71 Mail: roger.berggren@leax.com
Interim Report January-March 2023	May 9, 2023	Ulrika Hellberg, CFO Phone: +46 (0)72 500 87 33 Mail: ulrika.hellberg@leax.com
Annual General Meeting	May 9, 2023	



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