

LEAX GROUP AB

Interim Financial Report

Q4 and Full Year 2022



INTERIM FINANCIAL REPORT Q4 2022

“CONTINUED GROWTH WITH LINGERING CHALLENGES”

- TONY NICOL, GROUP PRESIDENT AND CEO

The quarter October–December

- Net Sales increased to SEK 501.0 million (442.7)
- Operating profit decreased to SEK -10.9 million (4.8)
- Earnings before tax (EBT) decreased to SEK -17.9 million (-7.2)
- Net income for the period decreased to SEK -67.2 million (2.8)
- Cash flow from operating activities amounted to SEK 32.5 million (106.5)

The period January–December

- Net Sales increased to SEK 1,923.5 million (1,745.1)
- Operating profit decreased to SEK 2.3 million (58.8)
- Earnings before tax (EBT) decreased to SEK -17.1 million (15.2)
- Net income for the period decreased to SEK -72.3 million (21.1)
- Cash flow from operating activities amounted to SEK 116.8 million (137.2)

Significant events during and after the quarter

- During the fourth quarter LEAX has reorganised its entities to better reflect its operating environment. This resulted in a dissolution of deferred taxes on group level which affected net income with a one-time increase in income taxes

| Key Ratios, MSEK | Oct-Dec | | Jan-Dec | |
|---|------------|------------|------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net Sales | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| Operating profit | -10.9 | 4.8 | 2.3 | 58.8 |
| EBT | -17.9 | -7.2 | -17.1 | 15.2 |
| Net Income | -67.2 | 2.8 | -72.3 | 21.1 |
| Cash flow from operating activities | 32.5 | 106.5 | 116.8 | 137.2 |
| Earnings per share before dilution, SEK | -5.33 | 0.19 | -5.77 | 1.58 |
| Earnings per share after dilution, SEK | -3.24 | 0.19 | -3.50 | 1.58 |
| Number of shares before dilution | 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 |

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

COMMENTS FROM GROUP PRESIDENT AND CEO

Continued growth with lingering challenges

In 2022 LEAX delivered strong growth with revenue up 10% over 2021 with business wins mainly in General Industry and Mining & Construction, but also due to pricing adjusted for inflation.

Operating profit for 2022 decreased to SEK 2.3 million (58.8) driven by zero lead time order delays at key heavy commercial vehicles and passenger car customers. Inflationary costs and the delayed timing of cost recovery also had an impact. Group profitability was directly affected by lower production volume for passenger cars where the China Covid policy forced a significant customer to shut for several weeks.

Inflationary costs have impacted our result in the fourth quarter, but this remains a timing effect as we continue to use contractual mechanisms and negotiation to recover these costs.

During the fourth quarter LEAX has reorganised its entities to better reflect its operating environment. This resulted in a dissolution of deferred taxes on group level which affected net income for the full year and fourth quarter with a one-time increase in income taxes.

Our business outlook remains difficult to forecast with the macroeconomic uncertainty that has become the norm in the global economy. The instability of the global supply chain has been in many ways unprecedented and the fallout from higher input costs including energy will continue to disrupt our industry. Despite this uncertainty we see continued sales growth and a clear path toward improving our profitability. Our capital expenditures in the range of SEK 100 million in 2022 continue to reflect the confidence our Board

has in our ability to execute our strategy of providing sustainable value for all LEAX stakeholders.

I would like to acknowledge our team and business partners for their commitment, professionalism and effort throughout a year that presented multiple challenges. Despite these challenges we have continued to develop people, process, and drive performance. In 2022 we have strengthened our equity highlighted by the SEK 300 million that AMF entrusted in LEAX. Our commitment to exceed our customers' expectations was rewarded by winning two supplier of the year awards and being rewarded with a strengthened business pipeline.

Our vision of being a leader within our industry remains in our line of sight. We believe that solid execution with increased agility and flexibility is the key to future success in managing the conditions that we face.



Tony Nicol, Group president and CEO

THIS IS LEAX GROUP

LEAX is a supplier of systems, advanced components, and mechanical solutions, and operates within several major end customer markets such as Heavy Commercial Vehicles, Passenger Cars, Mining & Construction, Agricultural and General Industry. 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 seven members, whereof one employee representative. Four are independent both in relation to the company's major shareholders and in relation to the company and its executive management. All members appointed by the annual general meeting are proposed by a nomination committee.

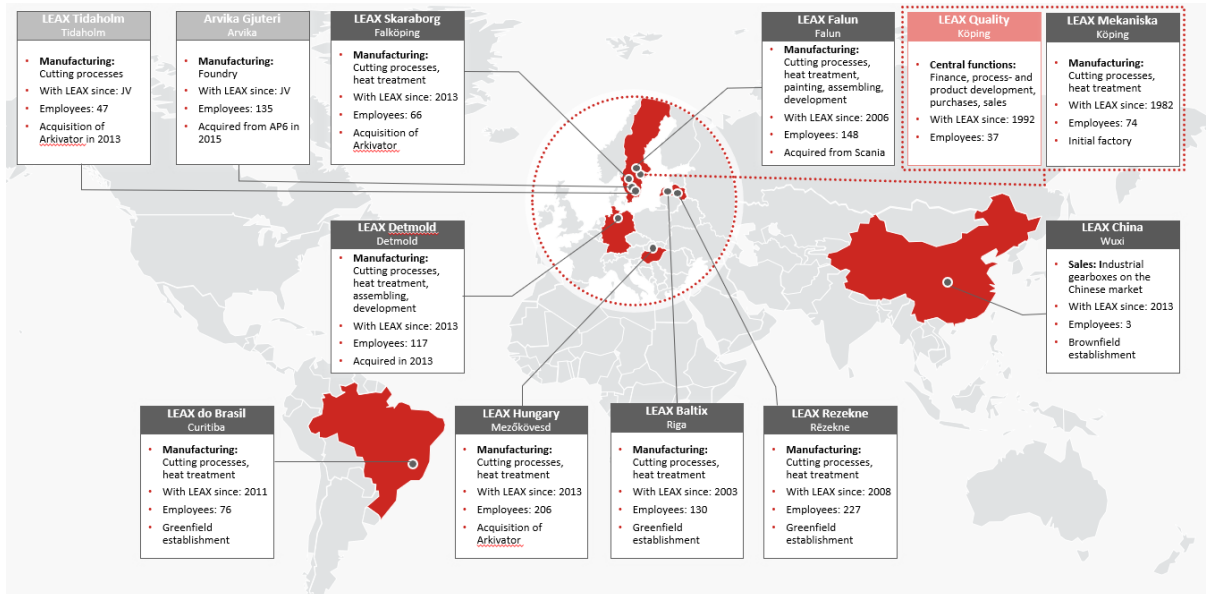
Vision and Mission

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 | Production in | Approximately |
|---|-------------------------------|----------------|
| ~ 40 | 11 | 1 100 |
| Countries (150 including indirect deliveries through customers) | Factories on three continents | LEAX employees |

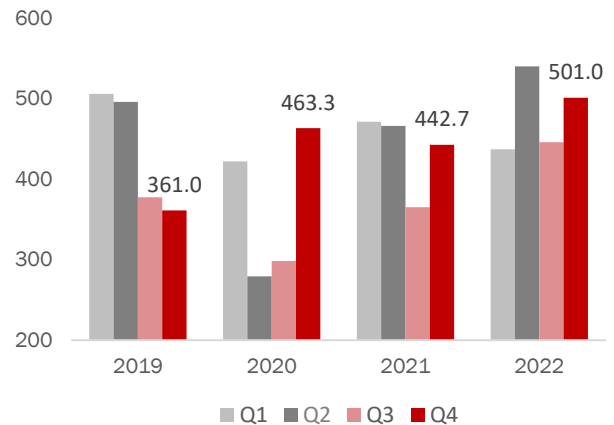
FINANCIAL INFORMATION

NET SALES

Net sales for the fourth quarter amounted to SEK 501.0 million (442.7) which is an increase of 13.2% compared to the same period last year. The increase derived from stronger volumes in the Heavy Commercial Vehicles end customer market, and from inflation adjusted pricing.

Net sales for the full year amounted to SEK 1,923.5 million (1,745.1) which is an increase of 10.2% compared to the same period last year. The increase derived from stronger volumes in Mining & Construction and General Industry end customer markets, and from inflation adjusted pricing.

Net Sales per quarter, MSEK

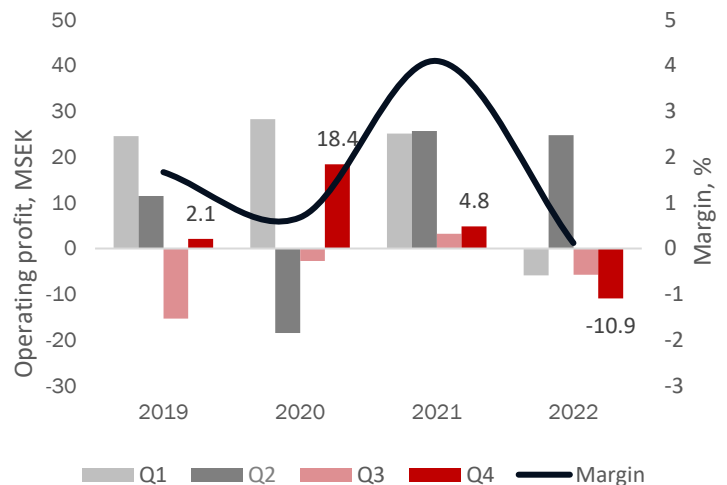


OPERATING PROFIT

In the fourth quarter Operating profit decreased to SEK -10.9 million (4.8). The decrease is mainly due to inflation recovery timing.

Operating profit for the full year amounted to SEK 2.3 million (58.8) which is a decrease of 96.1% compared to last year. The negative start of the year due to significantly lower volumes related to short notice stoppages from customers has during the year evolved into a more normal and somewhat more stable volume level. The year was also impacted by inflation recovery timing and onetime costs related to raise equity.

Operating profit per quarter



FINANCIAL INCOME & EXPENSES AND EARNINGS BEFORE TAX

Net financial income and expenses for the fourth quarter amounted to SEK -7.0 million (-12.0) which is an improvement of 41.7%. The amount includes unrealised currency effect of SEK 1.9 million (-0.6). The unrealised currency effect mainly relates to group internal loans. Net financial income and expenses for the full year amounted to SEK -19.4 million (-43.6) which is an improvement of 55.5%. The amount includes unrealised currency effect of SEK 20.9 million (4.1).

Earnings before tax (EBT) for the fourth quarter was SEK -17.9 million (-7.2) and for the full year SEK -17.1 million (15.2).

INCOME TAXES

Income taxes for the full year amounted to SEK -55.2 million (5.9). Income taxes are mainly related to one-time dissolution of deferred taxes on group level related to the reorganisation of our operational entities.

CASH FLOW

Cash flow from operating activities for the fourth quarter amounted to SEK 32.5 million (106.5). Cash flow from investing activities amounted to SEK -26.7 million (-11.9). Cash flow from financing activities amounted to SEK -10.1 million (-91.7).

Cash flow from operating activities for the full year amounted to SEK 116.8 million (137.2). Cash flow from investing activities amounted to SEK -62.9 million (-86.7). Cash flow from financing activities amounted to SEK -56.5 million (-59.8).

FINANCIAL POSITION

As of December 31, 2022, the Group's balance sheet total amounted to SEK 1,657.3 million (1,511.7). The Group's equity amounted to SEK 539.0 million (186.4). 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 637.7 million (910.5). 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 9.2 million (10.6).

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 491.5 million (100.7).

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 85.5%. AMF owns 28.9% of the shares with a voting right of 4.5%. The remaining part is owned by key persons active in the group.

DIVIDEND

The dividend during 2022 for the fiscal year 2021 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

Our business outlook remains difficult to forecast with the macroeconomic uncertainty that has become the norm in the global economy. The instability of the global supply chain has been in many ways unprecedented and the fallout from higher input costs including energy will continue to disrupt our industry. Despite this uncertainty we see continued sales growth and a clear path toward improving our profitability.

The Swedish Government has suggested companies will receive some compensation for high electricity costs for the period October 2021 – December 2022. When this compensation is known in full from the government, 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, February 24, 2023

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

Jonas Neiström
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 |
|---|------|--------------|--------------|--------------|--------------|
| | | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net Sales | 2 | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| Other operating income | | 3.1 | 9.4 | 37.1 | 36.7 |
| Change in work in progress and finished goods | | 18.4 | 4.8 | 15.8 | 21.7 |
| Capitalized work for own account | | 1.2 | 0.9 | 5.1 | 4.1 |
| Raw material and consumables | | -299.5 | -226.4 | -1,017.0 | -875.6 |
| Other external costs | | -72.4 | -77.0 | -335.4 | -282.2 |
| Employee benefits | | -113.7 | -105.4 | -439.1 | -421.8 |
| Depreciation, amortization and write down of fixed assets | | -37.7 | -41.3 | -154.1 | -164.2 |
| Other operating expenses | | -6.0 | -4.7 | -23.0 | -13.3 |
| Share according to the equity method | | -5.3 | 1.8 | -10.5 | 8.2 |
| Operating profit | | -10.9 | 4.8 | 2.3 | 58.8 |
| Financial income | | 0.6 | 1.6 | 1.8 | 7.7 |
| Financial expenses | | -7.5 | -13.6 | -21.3 | -51.3 |
| Financial income and expenses, net | | -7.0 | -12.0 | -19.4 | -43.6 |
| Earnings before tax, EBT | | -17.9 | -7.2 | -17.1 | 15.2 |
| Income taxes | | -49.3 | 10.0 | -55.2 | 5.9 |
| Net income | | -67.2 | 2.8 | -72.3 | 21.1 |
| Of which attributable to | | | | | |
| Owners of the parent | | -67.2 | 2.4 | -72.7 | 19.9 |
| Non-controlling interests | | 0.0 | 0.3 | 0.4 | 1.2 |
| Net income | | -67.2 | 2.8 | -72.3 | 21.1 |
| Earnings per share | | | | | |
| before dilution (SEK) | | -5.33 | 0.19 | -5.77 | 1.58 |
| after dilution (SEK) | | -3.24 | 0.19 | -3.50 | 1.58 |
| Earnings per share from continuing operations | | | | | |
| before dilution (SEK) | | -5.33 | 0.19 | -5.77 | 1.58 |
| after dilution (SEK) | | -3.24 | 0.19 | -3.50 | 1.58 |

Consolidated statement of other comprehensive income for the group

| MSEK | 2022 | 2021 | 2022 | 2021 |
|--|--------------|-------------|--------------|-------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net income | -67.2 | 2.8 | -72.3 | 21.1 |
| Other comprehensive income | | | | |
| Items that may be subsequently reclassified to profit or loss | | | | |
| Translation differences | 10.9 | -3.4 | 27.1 | -0.6 |
| Other comprehensive income for the period | 10.9 | -3.4 | 27.1 | -0.6 |
| Total comprehensive income for the period | -56.3 | -0.6 | -45.2 | 20.5 |
| Total comprehensive income for the period attributable to: | | | | |
| Owners of the parent | -56.0 | -0.9 | -39.5 | 20.4 |
| Non-controlling interests | -0.3 | 0.3 | -5.2 | 0.1 |
| Total comprehensive income for the period | -56.3 | -0.6 | -44.7 | 20.5 |

BALANCE SHEET FOR THE GROUP

Consolidated statement of financial position for the group

| <i>MSEK</i> | <i>Note</i> | 2022 | 2021 |
|--|-------------|----------------|----------------|
| | | Dec 31 | Dec 31 |
| Assets | | | |
| Intangible fixed assets | 2 | 37.9 | 28.8 |
| Tangible fixed assets | 2 | 875.6 | 690.3 |
| Other right-of-use assets | 2 | 64.1 | 146.6 |
| Shares in associated companies | | 30.4 | 46.2 |
| Deferred tax asset | | 32.4 | 77.9 |
| Non-current receivables | | 20.0 | 17.4 |
| Other financial assets | | 3.3 | 0.1 |
| Total fixed assets | | 1,063.9 | 1,007.3 |
| Inventories | | 328.3 | 289.6 |
| Trade receivables | | 198.3 | 154.0 |
| Current tax assets | | 13.2 | 9.5 |
| Other current receivables | | 27.7 | 22.6 |
| Prepaid expenses and accrued income | | 16.6 | 18.0 |
| Cash and cash equivalents | | 9.2 | 10.6 |
| Total current assets | | 593.4 | 504.4 |
| Total assets | | 1,657.3 | 1,511.7 |
| Equity | | | |
| Share capital | | 41.5 | 25.2 |
| Translation reserve | | 18.8 | -13.3 |
| Retained earnings incl net income | | 475.8 | 166.7 |
| Total equity attributable to owners of the parent | | 536.1 | 178.6 |
| Non-controlling interests | | 2.9 | 7.8 |
| Total equity | | 539.0 | 186.4 |
| Liabilities | | | |
| Interest-bearing liabilities, non-current | | 555.6 | 543.3 |
| Other non-current liabilities | | 40.7 | 31.3 |
| Deferred tax liabilities | | 10.8 | 4.9 |
| Total non-current liabilities | | 607.1 | 579.5 |
| Interest-bearing liabilities, current | | 91.4 | 377.7 |
| Advances from customers | | 6.6 | 4.5 |
| Trade payables | | 242.0 | 239.7 |
| Current tax liabilities | | 4.0 | 6.8 |
| Other current liabilities | | 100.9 | 42.5 |
| Accrued expenses and deferred income | | 66.3 | 74.6 |
| Total current liabilities | | 511.2 | 745.8 |
| Total liabilities | | 1,118.3 | 1,325.4 |
| Total equity and liabilities | | 1,657.3 | 1,511.7 |

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 | | | | 19.9 | 19.9 | 1.2 | 21.1 |
| Other comprehensive income | | | -0.7 | – | -0.7 | 0.1 | -0.6 |
| <i>Total comprehensive income</i> | | | -0.7 | 19.9 | 19.2 | 1.3 | 20.5 |
| Closing balance December 31, 2021 | | 25.2 | -13.3 | 166.7 | 178.6 | 7.8 | 186.4 |

| 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 | | | | -72.7 | -72.7 | 0.4 | -72.3 |
| Other comprehensive income | | | 32.1 | 0.2 | 32.3 | -5.2 | 27.1 |
| <i>Total comprehensive income</i> | | | 32.1 | -72.5 | -40.4 | -4.9 | -45.2 |
| Transactions with shareholders | | | | | | | |
| Dividends | | | | -3.2 | -3.2 | – | -3.2 |
| New share issue | | 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 December 31, 2022 | | 41.5 | 18.8 | 475.7 | 536.1 | 2.9 | 539.0 |

CASH FLOW STATEMENT FOR THE GROUP

Consolidated cash flow statement for the group

| <i>MSEK</i> | 2022 | 2021 | 2022 | 2021 |
|---|----------------|----------------|----------------|----------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Operating activities | | | | |
| Earnings before tax | -17.9 | -7.2 | -17.1 | 15.2 |
| Adjustment for non-cash items | 28.8 | 40.1 | 148.8 | 158.0 |
| Income taxes paid | -1.5 | 2.3 | -7.7 | -4.8 |
| | 9.4 | 35.2 | 123.9 | 168.3 |
| Increase (-) /Decrease (+) of inventories | -7.1 | -9.5 | -21.5 | -46.9 |
| Increase (-) /Decrease (+) of operating assets | 16.9 | 12.3 | -36.8 | 11.6 |
| Increase (+) /Decrease (-) of operating liabilities | 13.3 | 68.5 | 51.2 | 4.1 |
| Cash flow from operating activities | 32.5 | 106.5 | 116.8 | 137.2 |
| Investing activities | | | | |
| Investments in tangible and intangible fixed assets | -23.9 | -5.9 | -106.0 | -77.6 |
| Investments in other right-of-use assets | -1.6 | -6.0 | -7.9 | -15.3 |
| Disposals of tangible and intangible fixed assets | 0.4 | 0.0 | 2.6 | 6.3 |
| Acquisition of shares in subsidiaries | -0.5 | – | -7.1 | – |
| Disposal of other right-of-use assets | – | – | 61.7 | – |
| Investments in financial fixed assets | 0.0 | – | -5.2 | – |
| Disposals of other financial fixed assets | 1.1 | – | 1.1 | – |
| Translation difference | -2.1 | – | -2.1 | – |
| Cash flow from investing activities | -26.7 | -11.9 | -62.9 | -86.7 |
| Financing activities | | | | |
| New share issue | – | – | 300.0 | – |
| Change in overdraft facility | -4.3 | -74.9 | 68.0 | -12.3 |
| New borrowings | 18.2 | 22.0 | 34.0 | 22.0 |
| Repayment of borrowings | -17.5 | -26.4 | -358.4 | -32.7 |
| Paid out dividend | – | – | -3.2 | – |
| Amortization of lease liability | -6.5 | -12.4 | -96.9 | -36.7 |
| Cash flow from financing activities | -10.1 | -91.7 | -56.5 | -59.8 |
| Cash flow for the period | -4.3 | 2.9 | -2.6 | -9.2 |
| Cash and cash equivalents at the beginning of the period | 13.8 | 8.0 | 10.6 | 19.4 |
| Translation difference on cash and cash equivalents | -0.3 | -0.2 | 1.2 | 0.4 |
| Cash and cash equivalents at the end of the period | 9.2 | 10.6 | 9.2 | 10.6 |

KEY RATIOS FOR THE GROUP

Key Ratios

| MSEK | 2022 | 2021 | 2022 | 2021 |
|---|---------|---------|---------|---------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| EBITDA ¹ | 26.8 | 46.1 | 156.4 | 223.0 |
| EBITDA margin % ¹ | 5.3 | 10.4 | 8.1 | 12.8 |
| Operating margin % ¹ | -2.2 | 1.1 | 0.1 | 3.4 |
| EBT margin % ¹ | -3.6 | -1.6 | -0.9 | 0.9 |
| Net Sales Growth % ¹ | 13.2 | -4.4 | 10.2 | 19.3 |
| Cash flow from operations ¹ | 5.8 | 94.6 | 53.9 | 50.6 |
| Net Debt ¹ | 637.7 | 910.5 | 637.7 | 910.5 |
| Net Sales by customer end markets in % ¹ | | | | |
| Heavy Commercial Vehicles (%) | 66.9 | 61.4 | 61.2 | 61.6 |
| General Industry (%) | 17.7 | 21.1 | 20.8 | 19.4 |
| Mining & Construction (%) | 2.7 | 2.3 | 2.9 | 2.1 |
| Agriculture (%) | 0.7 | 1.1 | 0.8 | 0.8 |
| Passenger Cars (%) | 12.0 | 14.2 | 14.4 | 16.0 |
| Net Debt / Equity ¹ | 1.2 | 4.9 | 1.2 | 4.9 |
| Net Debt / EBITDA LTM ¹ | 4.1 | 4.1 | 4.1 | 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.

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 |
|---------------------------------------|---------|---------|---------|---------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net Sales by Country or Region | | | | |
| Sweden | 260.7 | 225.4 | 960.5 | 893.9 |
| Germany | 27.9 | 26.5 | 108.1 | 109.2 |
| Netherlands | 62.9 | 53.4 | 225.0 | 204.3 |
| Rest of Europe | 88.9 | 49.1 | 182.5 | 149.7 |
| South America | 60.3 | 29.8 | 202.9 | 128.0 |
| Asia | 31.0 | 52.0 | 182.8 | 206.7 |
| Rest of World | 6.7 | 6.5 | 42.8 | 32.4 |
| | 501.0 | 442.7 | 1,923.5 | 1,745.1 |

| <i>MSEK</i> | 2022 | 2021 |
|--|--------|--------|
| | Dec 31 | Dec 31 |
| Fixed Assets by Country or Region | | |
| Sweden | 333.3 | 342.1 |
| Rest of Europe | 581.8 | 474.7 |
| Rest of World | 62.5 | 49.0 |
| | 977.6 | 865.7 |

Note 3 Transactions with related parties

No 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

During the quarter several LEAX units have been sold within the group, from LEAX Group AB to LEAX Industries AB. LEAX Group AB owns 100% of LEAX Industries AB. The following companies have been sold; LEAX Falun AB, LEAX Mekaniska AB, LEAX Quality AB, LEAX Components AB, Swedish PowerTrain Techcenter AB, LEAX Detmold GmbH, LEAX do Brasil Ltda., SIA LEAX Baltix and SIA LEAX Rezekne.

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 |
|---|----------------|----------------|----------------|----------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Other operating income | 0.1 | 0.0 | 0.4 | 0.1 |
| Other external costs | -0.9 | -3.5 | -5.1 | -4.0 |
| Other operating expenses | 0.0 | 0.0 | -0.1 | 0.0 |
| Operating profit | -0.8 | -3.5 | -4.8 | -3.9 |
| Financial income and expenses, net | -4.9 | -19.0 | 11.4 | -44.3 |
| Earnings before tax, EBT | -5.7 | -22.6 | 6.6 | -48.2 |
| Appropriations | -1.5 | 30.7 | -1.5 | 30.7 |
| Income taxes | -14.3 | 4.0 | -14.3 | 4.0 |
| Net income | -21.5 | 12.1 | -9.2 | -13.5 |

BALANCE SHEET FOR THE PARENT COMPANY

Balance sheet, parent company

| <i>MSEK</i> | 2022 | 2021 |
|--|---------------|---------------|
| | Dec 31 | Dec 31 |
| Assets | | |
| <i>Financial fixed assets</i> | | |
| Shares in group companies | 500.2 | 288.7 |
| Shares in associated companies | 3.5 | 8.7 |
| Receivables from group companies | 336.0 | 405.9 |
| Receivables from associated companies | 30.5 | 23.6 |
| Deferred tax assets | – | 11.2 |
| Other financial assets | 3.2 | 0.0 |
| Total fixed assets | 873.4 | 738.1 |
| <i>Current assets</i> | | |
| Prepaid expenses and accrued income | 1.2 | 2.7 |
| Total current assets | 1.2 | 2.7 |
| Total assets | 874.6 | 740.7 |
| Equity | | |
| Share capital | 41.5 | 25.2 |
| Revaluation reserve | 18.0 | 18.0 |
| Retained earnings | 439.9 | 71.1 |
| Net income | -8.0 | -13.5 |
| Total equity | 491.5 | 100.7 |
| Liabilities | | |
| <i>Non-current liabilities</i> | | |
| Non-current interest-bearing liabilities | 317.1 | 317.0 |
| Liabilities to group companies | 27.7 | 19.6 |
| Total non-current liabilities | 344.7 | 336.6 |
| <i>Current liabilities</i> | | |
| Current interest-bearing liabilities | 22.1 | 289.2 |
| Liabilities to group companies | 14.3 | 8.2 |
| Accrued expenses and deferred income | – | 6.0 |
| Total current liabilities | 38.4 | 303.5 |
| Total liabilities | 383.1 | 640.0 |
| Total equity and liabilities | 874.6 | 740.7 |

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 |
|---|-------------|-------------|--------------|--------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net Sales | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| Other operating income | 3.1 | 9.4 | 37.1 | 36.7 |
| Change in work in progress and finished goods | 18.4 | 4.8 | 15.8 | 21.7 |
| Capitalized work for own account | 1.2 | 0.9 | 5.1 | 4.1 |
| Raw material and consumables | -299.5 | -226.4 | -1,017.0 | -875.6 |
| Other external costs | -72.4 | -77.0 | -335.4 | -282.2 |
| Employee benefits | -113.7 | -105.4 | -439.1 | -421.8 |
| Other operating expenses | -6.0 | -4.7 | -23.0 | -13.3 |
| Income from associated companies | -5.3 | 1.8 | -10.5 | 8.2 |
| EBITDA | 26.8 | 46.1 | 156.4 | 223.0 |

EBITDA margin %

EBITDA/Net sales

| MSEK | 2022 | 2021 | 2022 | 2021 |
|------------------------|------------|-------------|------------|-------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net Sales | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| EBITDA | 26.8 | 46.1 | 156.4 | 223.0 |
| EBITDA margin % | 5.3 | 10.4 | 8.1 | 12.8 |

Operating margin %

Operating profit / Net Sales

| MSEK | 2022 | 2021 | 2022 | 2021 |
|---------------------------|-------------|------------|------------|------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Operating profit | -10.9 | 4.8 | 2.3 | 58.8 |
| Net Sales | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| Operating margin % | -2.2 | 1.1 | 0.1 | 3.4 |

EBT margin %

EBT divided by Net Sales

| MSEK | 2022 | 2021 | 2022 | 2021 |
|---------------------|-------------|-------------|-------------|------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net Sales | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| EBT | -17.9 | -7.2 | -17.1 | 15.2 |
| EBT margin % | -3.6 | -1.6 | -0.9 | 0.9 |

Net Sales Growth %

Change in Net Sales compared to previous period in %

| MSEK | 2022 | 2021 | 2022 | 2021 |
|-----------------|-------------|-------------|-------------|-------------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Net Sales | 501.0 | 442.7 | 1,923.5 | 1,745.1 |
| Change | 58.3 | -20.6 | 178.3 | 282.3 |
| Growth % | 13.2 | -4.4 | 10.2 | 19.3 |

Cash flow from operations

Cash flow from operating activities and cash flow from investing activities

| MSEK | 2022 | 2021 | 2022 | 2021 |
|-------------------------------------|---------|---------|---------|---------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Cash flow from operating activities | 32,5 | 106,5 | 116,8 | 137,2 |
| Cash flow from investing activities | -26,7 | -11,9 | -62,9 | -86,7 |
| Cash flow from operations | 5,8 | 94,6 | 53,9 | 50,6 |

Net Debt

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

| MSEK | 2022 | 2021 | 2022 | 2021 |
|---|--------|--------|--------|--------|
| | Dec 31 | Dec 31 | Dec 31 | Dec 31 |
| Interest-bearing liabilities, non-current | 555,6 | 543,3 | 555,6 | 543,3 |
| Interest-bearing liabilities, current | 91,4 | 377,7 | 91,4 | 377,7 |
| Cash and cash equivalents | 9,2 | 10,6 | 9,2 | 10,6 |
| Net Debt | 637,7 | 910,5 | 637,7 | 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 |
|--|---------|---------|---------|---------|
| | Oct-Dec | Oct-Dec | Jan-Dec | Jan-Dec |
| Heavy Commercial Vehicles (%) | 66,9 | 61,4 | 61,2 | 61,6 |
| General Industry (%) | 17,7 | 21,1 | 20,8 | 19,4 |
| Mining & Construction (%) | 2,7 | 2,3 | 2,9 | 2,1 |
| Agriculture (%) | 0,7 | 1,1 | 0,8 | 0,8 |
| Passenger Cars (%) | 12,0 | 14,2 | 14,4 | 16,0 |
| Net Sales by customer end markets in % | 100,0 | 100,0 | 100,0 | 100,0 |

Net Debt/Equity

Net Debt/Equity

| MSEK | 2022 | 2021 | 2022 | 2021 |
|-----------------|--------|--------|--------|--------|
| | Dec 31 | Dec 31 | Dec 31 | Dec 31 |
| Equity | 539,0 | 186,4 | 539,0 | 186,4 |
| Net Debt | 637,7 | 910,5 | 637,7 | 910,5 |
| Net Debt/Equity | 1,2 | 4,9 | 1,2 | 4,9 |

Net Debt/EBITDA LTM

Adjusted Net Debt/Adjusted EBITDA LTM

| MSEK | 2022 | 2021 | 2022 | 2021 |
|---------------------|--------|--------|--------|--------|
| | Dec 31 | Dec 31 | Dec 31 | Dec 31 |
| Net Debt | 637,7 | 910,5 | 637,7 | 910,5 |
| EBITDA LTM | 156,4 | 223,0 | 156,4 | 223,0 |
| Net Debt/EBITDA LTM | 4,1 | 4,1 | 4,1 | 4,1 |

| Financial calendar | | Contact information |
|---------------------------------------|-------------------|---|
| Annual Report 2022 | April 5, 2023 | Tony Nicol, Group President and CEO Phone: +44 (0)755 728 67 67 Mail: tony.nicol@leax.com |
| Interim Report January–March 2023 | May 9, 2023 | Roger Berggren, Chairman of the Board Phone: +46 (0)70 655 99 71 Mail: roger.berggren@leax.com |
| Annual General Meeting | May 9, 2023 | |
| Interim Report April–June 2023 | August 25, 2023 | Ulrika Hellberg, CFO Phone: +46 (0)72 500 87 33 Mail: ulrika.hellberg@leax.com |
| Interim Report July–September 2023 | November 17, 2023 | |



LEAX Group AB (publ)

Reg. No. 556658-4479

info@leax.com

Nya Hamnvägen 4, 731 36 Köping, Sweden

www.leax.com