

LEAX GROUP AB

Interim Financial Report Q4 and Full Year 2021



INTERIM FINANCIAL REPORT Q4 2021

“GOOD UNDERLYING END MARKET DEMAND BUT SUPPLY CHAIN ISSUES PERSIST”

– TONY NICOL, GROUP PRESIDENT AND CEO

The quarter October–December

- Net Sales amounted to SEK 442.7 million (463.3)
- Adjusted EBITDA amounted to SEK 39.7 million (58.6)
- Earnings before tax (EBT) improved to SEK -7.2 million (-13.4)
- Cash flow from operations increased to SEK 94.6 million (26.1)
- Net income for the period improved to SEK 2.8 million (-4.8)
- Earnings per share amounted to SEK 0.19 (-0.38)

The period January–December

- Net Sales amounted to SEK 1,745.1 million (1,462.9)
- Adjusted EBITDA amounted to SEK 182.8 million (122.3)
- Earnings before tax (EBT) improved to SEK 15.2 million (-55.0)
- Cash flow from operations improved to SEK 50.6 million (-40.1)
- Net income for the period improved to SEK 21.1 million (-40.5)
- Earnings per share amounted to SEK 1.58 (-3.23)
- The Board proposes a dividend for fiscal year 2021 of SEK 0 (0) per share

Significant events during and after the quarter

- Press release November 9, 2021, LEAX Group contemplates public listing in 2022

Key Ratios, MSEK	Oct-Dec		Full year	
	2021	2020	2021	2020
Net Sales	442.7	463.3	1,745.1	1,462.9
Adjusted EBITDA	39.7	58.6	182.8	122.3
EBT	-7.2	-13.4	15.2	-55.0
Equity	186.4	165.9	186.4	165.9
Cash flow from operations	94.6	26.1	50.6	-40.1
Net Income	2.8	-4.8	21.1	-40.5
Earnings per share before and after dilution, SEK	0.19	-0.38	1.58	-3.23
Number of shares before and after dilution	12 593 750	12 593 750	12 593 750	12 593 750

For full key ratios table and descriptions of alternative performance measures, see page 14.

COMMENTS FROM GROUP PRESIDENT AND CEO

Good underlying end market demand but supply chain issues persist

Year 2021 has seen LEAX end markets fully recovered from the Covid effects of 2020, which can be easily seen in our year-over-year revenue and profitability improvement. However, supply chain challenges affecting our largest customers have increased during the fourth quarter and therefore the underlying demand for the company's products and services is not fully reflected in our numbers.

Semiconductor shortages have caused several production stoppages at key customers during the fourth quarter and led to lower sales primarily in commercial vehicle and automotive markets. Net sales in the fourth quarter of 2021 amounted to SEK 442.7 million (463.3) slightly below the fourth quarter of 2020 despite the strong underlying demand for our products.

The nature of these stoppages, with short or no notice, continues to be a challenge and we remain focused on production flexibility and cost management. Even with these headwinds we have managed to deliver a full year Operating profit of SEK 58.8 million (25.6), a significant improvement compared to 2020.

From a strategic perspective 2021 has proven to be a great success for the company. We continue to execute on diversifying our customer base and we have focused on providing higher value to our customers through continued investments in our engineering capabilities.

This has resulted in a more balanced end market and product mix and earnings improvement.

Short-term demand remains strong in all LEAX end markets, but we expect a continuation of supply chain volatility.



Tony Nicol, Group president and CEO

THIS IS LEAX GROUP

As a supplier of systems, advanced components, and mechanical solutions, LEAX has several major end markets such as the commercial vehicle, passenger car, mining and construction, agricultural and other general industry. General industry comprises 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 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 four 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.

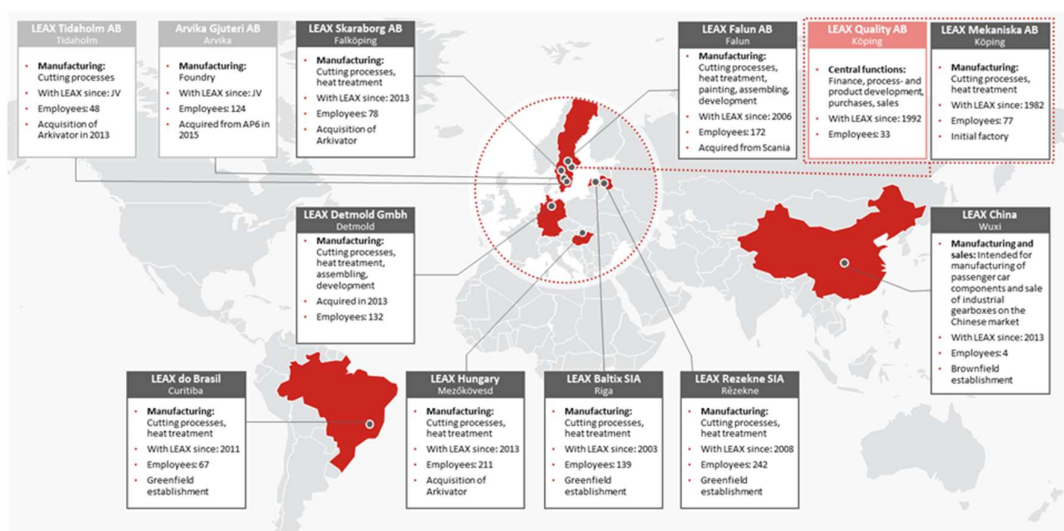
Vision and Mission

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

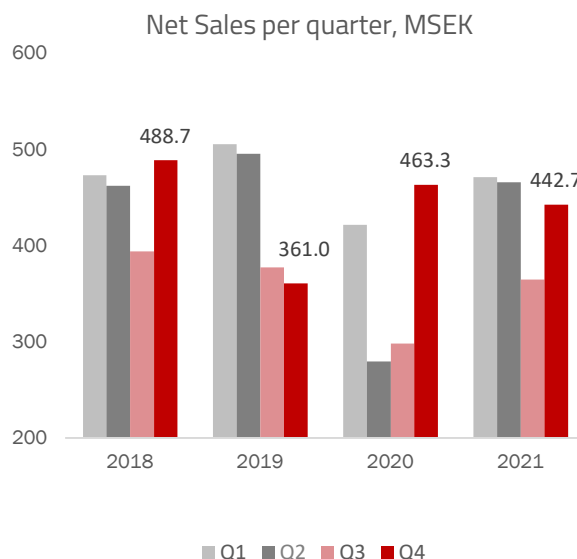
LEAX employees

FINANCIAL INFORMATION

NET SALES

Net sales for the fourth quarter amounted to SEK 442.7 million (463.3) which is a decrease of 4.4% compared to last year. The decrease derived from several short notice production stoppages at key customers. During the quarter our volumes for electric vehicles and industrial customers remained on a robust level.

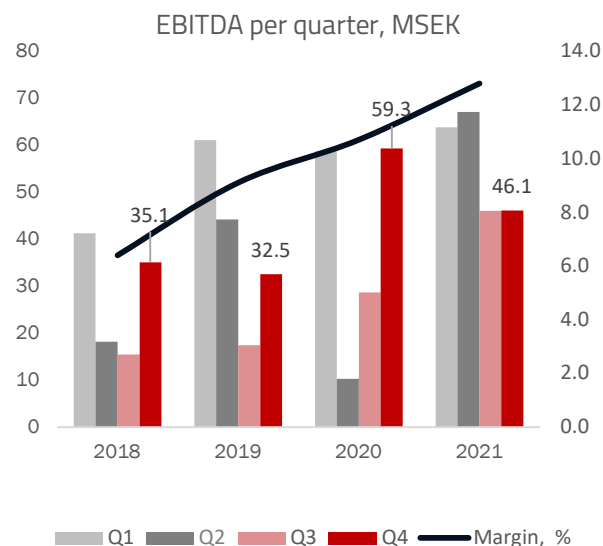
Net sales for the full year amounted to SEK 1,745.1 million (1,462.9), which is an increase of 19.3% compared to last year. The increase in net sales is explained by recovery from last year's Covid-19 effect in Commercial Vehicle markets and higher deliveries to key Passenger Car programs. Supply chain disturbances during the second half of 2021 had a negative impact on full year revenue and therefore the underlying demand for the company's products and services is not fully reflected in our numbers.



EBITDA

In the fourth quarter EBITDA amounted to SEK 46.1 million (59.3) which is a decrease of 22.3% compared to last year. The decrease was driven by lower than forecasted revenue and from the nature of the production stoppages which came with little or no notice period. The quarter was also impacted by a lower result from associated companies.

For the full year 2021 EBITDA amounted to SEK 223.0 million (157.0), which is an increase of 42.0%. This results from higher volumes and maturity in our passenger car programs, recovery from Covid-19 and good conversion on higher general industry revenue.



FINANCIAL INCOME & EXPENSES AND EARNINGS BEFORE TAX

Net financial income and expenses for the fourth quarter amounted to SEK -12.0 million (-31.7) which is an improvement of 62.1%. The amount includes unrealised currency effect of SEK -0.6 million (-8.2). Net financial income and expenses for the full year amounted to SEK -43.6 million (-80.5) which is an improvement of 45.8%. The amount includes unrealised currency effect of SEK 4.1 million (-23.1). The unrealised currency effect mainly relates to group internal loans.

Earnings before tax (EBT) for the fourth quarter was SEK -7.2 million (-13.4). In addition to the above, EBT was affected by higher depreciation driven by investments in our Passenger Car programs. EBT for the full year amounted to SEK 15.5 million (-55.0) an improvement of 128%.

INCOME TAXES

Income taxes for the full year amounted to SEK 5.9 million (14.5) which is a decrease of 40.7%. The positive income taxes are related to deferred taxes on tax losses carry forward and release of untaxed reserves.

CASH FLOW

Cash flow from operations for the fourth quarter amounted to SEK 94.6 million (26.1). Cash flow from operations for the full year amounted to SEK 50.6 million (-40.1). The main reason for the improvement derives from the finalisation of the passenger car investment programs. The cash flow for the second half of the year has also been impacted by volatility due to our customers' short notice stop days. Cash flow from financing activities for the full year amounted to SEK -59.8 million (44.5). The main reason for the change is less new borrowings due to finalisations of the passenger car investment programs.

FINANCIAL POSITION

As of December 31, 2021, the Group's balance sheet total amounted to SEK 1,511.7 million (1,536.2). The Group's equity amounted to SEK 186.4 million (165.9). At the end of the period, net debt was SEK 910.5 million (950.5) and the Group's cash and cash equivalents amounted to SEK 10.6 million (19.4).

The bond matures in May 2022 and the company is continuously reviewing alternative financing in form of bonds, bank loans and/or new equity issues. 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

For information regarding the most significant risks and uncertainty factors, please read the description in the annual report for 2020. 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. The company sees a continued risk caused by supply chain volatility.

PARENT COMPANY

LEAX Group AB directly or indirectly owns all companies in the Group. Equity amounted to SEK 100.7 million (114.3).

THE COMPANY'S MAJOR SHAREHOLDERS

LEAX Group AB (publ) has its registered office in Köping, Sweden. The Berggren and Seger families directly or indirectly own 89.2% of the shares in LEAX Group AB (publ) and the remaining part is owned by key persons active in the group.

DIVIDEND

The Board proposes a dividend for the 2021 fiscal year of SEK 0 (0) per share.

MARKET DEVELOPMENT AND PROSPECTS

Short-term demand remains strong in all LEAX end markets, but we expect a continuation of supply chain volatility.

ANNUAL GENERAL MEETING

The Annual General Meeting will take place May 5, 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.

During the year the legal unit Kunshan LEAX Precision Industry Parts Co. Ltd has been liquidated which has had no impact on the business in the Group. The Group maintains operations in China through the legal entity LEAX Precision Machinery (Wuxi) Co. Ltd.

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, January 31, 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

Tony Nicol
Group President and CEO

INCOME STATEMENT FOR THE GROUP

Consolidated statement of comprehensive income for the group

<i>MSEK</i>	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec
Net Sales	442.7	463.3	1,745.1
Other operating income	9.4	13.6	36.7
Change in work in progress and finished goods	4.8	17.8	21.7
Capitalized work for own account	0.9	1.5	4.1
Raw material and consumables	-226.4	-245.9	-875.6
Other external costs	-77.0	-94.0	-282.2
Employee benefits	-105.4	-105.6	-421.8
Depreciation, amortization and write down of fixed assets	-41.3	-40.9	-164.2
Other operating expenses	-4.7	-2.9	-13.3
Share according to the equity method	1.8	11.5	8.2
Operating profit	4.8	18.4	58.8
Financial income	1.6	1.0	3.5
Financial expenses	-13.6	-32.8	-47.1
Financial income and expenses, net	-12.0	-31.7	-43.6
Earnings before tax, EBT	-7.2	-13.4	15.2
Income taxes	10.0	8.6	5.9
Net income	2.8	-4.8	21.1
Of which attributable to			
Owners of the parent	2.4	-4.8	19.9
Non-controlling interests	0.3	0.1	1.2
Net income	2.8	-4.8	21.1
Earnings per share			
before and after dilution (SEK)	0.19	-0.38	1.58
Earnings per share from continuing operations			
before and after dilution (SEK)	0.19	-0.38	1.58

Consolidated statement of other comprehensive income for the group

<i>MSEK</i>	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec
Net income	2.8	-4.8	21.1
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Translation differences	-3.4	-12.2	-0.6
Other comprehensive income for the period	-3.4	-12.2	-0.6
Total comprehensive income for the period	-0.6	-16.9	20.5
Total comprehensive income for the period attributable to:			
Owners of the parent	-0.9	-16.4	20.4
Non-controlling interests	0.3	-0.5	0.1
Total comprehensive income for the period	-0.6	-17.0	20.5

BALANCE SHEET FOR THE GROUP

Consolidated statement of financial position for the group

	2021	2020
MSEK	Dec 31	Dec 31
Assets		
Intangible fixed assets	28.8	21.8
Tangible fixed assets	690.3	738.2
Other right-of-use assets	146.6	175.4
Shares in associated companies	46.2	37.9
Deferred tax asset	77.9	72.7
Non-current receivables	17.4	16.9
Other financial assets	0.1	0.1
Total fixed assets	1,007.3	1,063.2
Inventories	289.6	240.2
Trade receivables	154.0	148.9
Current tax assets	9.5	9.4
Other current receivables	22.6	40.1
Prepaid expenses and accrued income	18.0	14.9
Cash and cash equivalents ¹	10.6	19.4
Total current assets	504.4	473.0
Total assets	1,511.7	1,536.2
Equity		
Share capital	25.2	25.2
Reserves	-13.3	-12.6
Retained earnings incl net income	166.7	146.8
Total equity attributable to owners of the parent	178.6	159.4
Non-controlling interests	7.8	6.5
Total equity	186.4	165.9
Liabilities		
Interest-bearing liabilities, non-current ¹	543.3	881.0
Other non-current liabilities	31.3	28.1
Deferred tax liabilities	4.9	14.7
Total non-current liabilities	579.5	923.8
Interest-bearing liabilities, current ¹	377.7	88.9
Advances from customers	4.5	5.2
Trade payables	239.7	189.5
Current tax liabilities	6.8	4.1
Other current liabilities	42.5	91.6
Accrued expenses and deferred income	74.6	67.1
Total current liabilities	745.8	446.5
Total liabilities	1,325.4	1,370.3
Total equity and liabilities	1,511.7	1,536.2

¹ LEAX own holdings in the bond are shown using netting, meaning they have reduced current interest-bearing liabilities for 2021 and non-current interest-bearing liabilities for 2020

CHANGES IN EQUITY FOR THE GROUP

Consolidated statement of changes in equity for the group

2020	Total equity					
MSEK	Share capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance January 1, 2020	25.2	23.5	187.4	236.1	6.6	242.7
Comprehensive income						
Net income for the period			-40.7	-40.7	0.2	-40.5
Other comprehensive income		-36.1	–	-36.1	-0.3	-36.4
Total comprehensive income		-36.1	-40.7	-76.8	-0.1	-76.8
Total transactions with shareholders	0.0	–	0.0	0.0	–	0.0
Closing balance December 31, 2020	25.2	-12.6	146.8	159.4	6.5	165.9

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
Total comprehensive income		-0.7	19.9	19.2	1.3	20.5
Total transactions with shareholders	–	–	–	–	–	–
Closing balance December 31, 2021	25.2	-13.3	166.7	178.6	7.8	186.4

CASH FLOW STATEMENT FOR THE GROUP

Consolidated cash flow statement for the group

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating activities				
Earnings before tax	-7.2	-13.4	15.2	-55.0
Adjustment for non-cash items	40.1	42.3	158.0	131.4
Income taxes paid	2.3	3.2	-4.8	10.4
	35.2	32.1	168.3	86.9
Increase (-) /Decrease (+) of inventories	-9.5	-12.5	-46.9	-18.0
Increase (-) /Decrease (+) of operating assets	12.3	8.3	11.6	-9.6
Increase (+) /Decrease (-) of operating liabilities	68.5	38.2	4.1	80.1
Cash flow from operating activities ¹	106.5	66.1	137.2	139.4
Investing activities				
Investments in tangible and intangible fixed assets	-5.9	-45.6	-77.6	-178.3
Investments in other right-of-use assets	-6.0	0.0	-15.3	-6.8
Disposals of tangible and intangible fixed assets	0.0	5.5	6.3	5.6
Cash flow from investing activities ¹	-11.9	-40.0	-86.7	-179.5
Financing activities				
Change in overdraft facility	-74.9	-34.9	-12.3	-44.0
New borrowings	22.0	33.0	22.0	138.6
Repayment of borrowings	-26.4	-6.7	-32.7	-19.7
Amortization of lease liability	-12.4	-9.1	-36.7	-30.3
Cash flow from financing activities ¹	-91.7	-17.6	-59.8	44.5
Cash flow for the period	2.9	8.5	-9.2	4.4
Cash and cash equivalents at the beginning of the period	8.0	11.5	19.4	11.3
Translation difference on cash and cash equivalents ¹	-0.2	-0.4	0.4	3.7
Cash and cash equivalents at the end of the period	10.6	19.4	10.6	19.4

¹ Translation differences have been taken into account in the cash flow statement.

KEY RATIOS FOR THE GROUP

Key Ratios not related to bond terms and conditions

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
EBITDA ¹	46.1	59.3	223.0	157.0
EBITDA margin % ¹	10.4	12.8	12.8	10.7
Adjusted EBITDA incl. IFRS 16 ¹	50.9	69.6	227.8	167.3
Operating margin % ¹	1.1	4.0	3.4	1.7
EBT margin % ¹	-1.6	-2.9	0.9	-3.8
Net Sales Growth % ¹	-4.4	28.3	19.3	-15.9
Cash flow from operations ¹	94.6	26.1	50.6	-40.1
Net Debt ¹	910.5	950.5	910.5	950.5

Key Ratios related to bond terms and conditions

MSEK	2021 Okt-Dec	2020 Okt-Dec	2021 Jan-Dec	2020 Jan-Dec
Net Sales Core and International Operations ¹				
Net Sales Core operations	385.8	416.8	1,494.2	1,292.4
Net Sales International operations	56.9	46.5	250.9	170.5
Net Sales by customer end markets in % ¹				
Commercial vehicles (%)	61.4	70.0	61.6	63.9
General industry (%)	21.1	15.0	19.4	18.6
Mining & construction (%)	2.3	1.3	2.1	2.6
Agriculture (%)	1.1	0.5	0.8	0.7
Passenger cars (%)	14.2	13.1	16.0	14.3
EBITDA Core Operations ¹	41.3	18.8	213.3	146.1
EBITDA International ¹	4.8	40.5	9.6	10.9
EBITDA excl. IFRS 16 ¹	34.9	48.3	178.0	112.0
Adjusted EBITDA ¹	39.7	58.6	182.8	122.3
Adjusted EBITDA margin % ¹	9.0	12.7	10.5	8.4
Exceptional items ¹	4.8	10.3	4.8	10.3
Adjusted Net Debt ¹	757.9	769.1	757.9	769.1
Net Debt / Equity ¹	4.9	5.7	4.9	5.7
Realized currency gains/losses ¹	-0.1	-2.6	-2.5	-3.0
Unrealized currency gains/losses ¹	-0.5	-7.5	4.3	-23.3
Adjusted Net Debt / EBITDA excl. IFRS 16 LTM ¹	4.3	6.9	4.3	6.9
Adjusted Net Debt / Adjusted EBITDA LTM ¹	4.1	6.3	4.1	6.3

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 2020.

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 matures in 2022, it is classified as current as of 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 the year 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.

IASB has published amendments of standards that are effective as of January 1, 2021 or later. The standards have not had any material impact on the financial reports.

No other new or revised IFRS entering into force during 2021 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 2020.

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 table is based on the customers' geographical location.

Fixed assets by country is the sum of intangible fixed assets, tangible fixed assets and other right-of-use assets.

Net Sales and Fixed assets by Country or Region

MSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net Sales by Country or Region				
Sweden	229.0	265.7	893.9	814.7
Germany	26.5	25.9	109.2	94.9
Netherlands	53.4	60.2	204.3	171.9
Rest of Europe	47.6	51.3	170.5	131.8
South America	29.6	20.1	128.0	74.1
Asia	52.0	38.4	206.7	138.0
Rest of World	4.7	1.7	32.4	37.4
	442.7	463.3	1,745.1	1,462.9

MSEK	2021 Dec 31	2020 Dec 31
Fixed Assets by Country or Region		
Sweden	346.3	371.6
Rest of Europe	470.9	516.8
Rest of World	48.5	47.1
	865.7	935.5

Note 3 Transactions with related parties

No dividend has been paid out from LEAX Group AB (publ) during 2021. No changes in other 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 28 in the Annual Report for 2020.

Note 4 Significant events after the end of the period

No significant events have occurred after the end of the period.

INCOME STATEMENT FOR THE PARENT COMPANY

Income statement, parent company

	2021	2020	2021	2020
<i>MSEK</i>	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Other operating income	0.0	0.0	0.1	0.0
Other external costs	-3.5	0.0	-4.0	0.0
Other operating expenses	0.0	0.0	0.0	-0.9
Operating profit	-3.5	0.0	-3.9	-0.9
Financial income and expenses, net	-19.0	-76.4	-44.3	-109.1
Earnings before tax, EBT	-22.6	-76.4	-48.2	-110.0
Appropriations	30.7	–	30.7	–
Income taxes	4.0	6.3	4.0	6.3
Net income	12.1	-70.1	-13.5	-103.7

BALANCE SHEET FOR THE PARENT COMPANY

Balance sheet, parent company

<i>MSEK</i>	2021 31 Dec	2020 31 Dec
Assets		
<i>Financial fixed assets</i>		
Shares in group companies	288.7	288.7
Shares in associated companies	8.7	8.7
Receivables from group companies	405.9	409.9
Receivables from associated companies	23.6	32.0
Deferred tax assets	11.2	9.3
Other financial assets	0.0	0.0
Total fixed assets	738.1	748.6
<i>Current assets</i>		
Receivables from group companies	–	0.9
Prepaid expenses and accrued income	2.7	0.0
Cash and bank ¹	–	0.0
Total current assets	2.7	1.0
Total assets	740.7	749.6
Equity		
Share capital	25.2	25.2
Revaluation reserve	18.0	18.0
Retained earnings	71.1	174.7
Net income	-13.5	-103.7
Total equity	100.7	114.3
Liabilities		
<i>Non-current liabilities</i>		
Non-current interest-bearing liabilities ¹	317.0	598.4
Liabilities to group companies	19.6	20.6
Deferred tax liabilities	–	2.3
Total non-current liabilities	336.5	621.5
<i>Current liabilities</i>		
Current interest-bearing liabilities ¹	289.2	2.4
Liabilities to group companies	8.2	10.0
Accrued expenses and deferred income	6.0	1.5
Total current liabilities	303.5	14.0
Total liabilities	640.0	635.3
Total equity and liabilities	740.7	749.6

¹ LEAX own holdings in the bond are shown using netting, meaning they have reduced current interest-bearing liabilities for 2021 and non-current interest-bearing liabilities for 2020

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
KEY RATIOS WHICH ARE NOT RELATED TO THE TERMS AND CONDITIONS OF THE BOND		
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
Adjusted EBITDA incl. IFRS 16	EBITDA adjusted for exceptional items according to the definition of "Adjusted EBITDA" below	To improve the analysis and comparability between other EBITDA key ratios below
Operating margin %	Operating results 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's growth
Cash flow from operations	Cash flow from the operating activity plus cash flow from the investing activity	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.
KEY RATIOS WHICH ARE RELATED TO THE TERMS AND CONDITIONS OF THE BOND		
Net Sales Core operations*	Net sales from all operations excluding Brazil, Germany and China	The Group distinguishes sales in LEAX original markets from sales in International operations
Net Sales International operations*	Net sales from operations in Brazil, Germany and China	The Group monitors sales from these geographies specifically as they are relatively new operations for LEAX
Net Sales by customer end markets in %	Net Sales by customer end markets in % of total Net Sales for the end markets stated below: <ul style="list-style-type: none"> - Commercial vehicles - General industry - Mining and Constructions - Agriculture - Passenger cars 	The Group monitors the sales related to end customers
EBITDA Core operations*	EBITDA from all operations excluding Brazil, Germany and China	The Group distinguishes EBITDA in LEAX original

		markets from EBITDA in International operations
EBITDA International operations*	EBITDA from operations in Brazil, Germany and China	The Group monitors EBITDA from these geographies specifically as they are relatively new operations for LEAX
EBITDA excl. IFRS 16	EBITDA adjusted with the effects of IFRS 16. Leasing costs that according to IFRS 16 have been excluded from Other operating expenses are added back, which means a decrease of EBITDA compared to the EBITDA in the income statement	According to the bond terms and conditions, only leasing agreements which have been activated according to IAS 17 shall be included in the analysis of whether the conditions are met or not
Adjusted EBITDA	EBITDA excl. IFRS 16 adjusted for non-recurring items	According to the bond terms and conditions, only leasing agreements which have been activated according to IAS 17, with the exclusion of items affecting comparability, shall be included in the analysis of whether the conditions are met or not
Adjusted EBITDA margin %	Adjusted EBITDA divided by Net Sales	To improve the analysis and comparability between other EBITDA key ratios below
Exceptional items	Items affecting comparability in the form of costs for the Offer and admission to trading of the Company's shares on Nasdaq Stockholm in 2021 and impairment of accounts receivable related to LEAX Arkivator Telecom Group in 2020,	Items affecting comparability are reported separately as they have significant effects on comparability between different years and relate to events outside the ordinary course of business and also because some of the Company's key ratios under the bond terms must be adjusted for items affecting comparability
Adjusted net debt	Net debt adjusted for other leasing liabilities than what was previously capitalised as leasing liabilities according to IAS17	According to the terms and conditions of the Bond, only leasing agreement which have been activated according to IAS17 shall be taken into consideration when testing whether the conditions are met or not
Net Debt/Equity	Net Debt/Equity	LEAX monitors this key ratio as an additional way to measure the debt/ equity ratio
Realised currency gains/ losses	Currency gains/ losses which occur after completed payment transactions	LEAX's operations are to a large extent conducted in other currencies than SEK. It is thus important to monitor currency gains/ losses

Unrealised currency gains/ losses	Currency gains/ losses which occur in connection with the re-evaluations of items on the balance sheet	LEAX's operations are to a large extent conducted in other currencies than SEK. It is thus important to monitor currency gains/ losses
Adjusted Net Debt/EBITDA excl. IFRS 16 LTM	Adjusted Net Debt /EBITDA excl. IFRS 16 for the last twelve months	LEAX monitors this key ratio to measure the debt/ equity ratio. According to the bond terms and conditions, only leasing agreements which have been activated according to IAS 17 shall be included in the analysis of whether the conditions are met or not and this is analysed for the last twelve months
Adjusted net debt/Adjusted EBITDA LTM	Adjusted Net Debt /Adjusted EBITDA for the last twelve months	LEAX monitors this key ratio to measure the debt/ equity ratio. According to the bond terms and conditions, only leasing agreements which have been activated according to IAS 17, with the exclusion of items affecting comparability, shall be included in the analysis of whether the conditions are met or not. This is analysed for the last twelve months

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 not related to bond terms and conditions

EBITDA

Earnings before interest, taxes, depreciation and amortization

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	442.7	463.3	1,745.1	1,462.9
Other operating income	9.4	13.6	36.7	85.2
Change in work in progress and finished goods	4.8	17.8	21.7	2.5
Capitalized work for own account	0.9	1.5	4.1	6.8
Raw material and consumables	-226.4	-245.9	-875.6	-732.8
Other external costs	-77.0	-94.0	-282.2	-264.6
Employee benefits	-105.4	-105.6	-421.8	-401.2
Other operating expenses	-4.7	-2.9	-13.3	-15.5
Income from associated companies	1.8	11.5	8.2	13.7
EBITDA	46.1	59.3	223.0	157.0

EBITDA margin %

EBITDA/Net sales

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	442.7	463.3	1,745.1	1,462.9
EBITDA	46.1	59.3	223.0	157.0
EBITDA margin %	10.4	12.8	12.8	10.7

Adjusted EBITDA incl IFRS 16

EBITDA adjusted with non-recurring items.

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
EBITDA	46.1	59.3	223.0	157.0
Exceptional items	4.8	10.3	4.8	10.3
Adjusted EBITDA incl. IFRS 16	50.9	69.6	227.8	167.3

Operating margin %

Earnings before interest and tax (Operating profit) / Net Sales

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating profit	4.8	18.4	58.8	25.6
Net Sales	442.7	463.3	1,745.1	1,462.9
Operating margin %	1.1	4.0	3.4	1.7

EBT margin %

EBT divided by Net Sales

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	442.7	463.3	1,745.1	1,462.9
EBT	-7.2	-13.4	15.2	-55.0
EBT margin %	-1.6	-2.9	0.9	-3.8

Net Sales Growth %

Change in Net Sales compared to previous period in %

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	442.7	463.3	1,745.1	1,462.9
Change	-20.6	102.3	282.3	-276.8
Growth %	-4.4	28.3	19.3	-15.9

Cash flow from operations

Cash flow from operating activities and cash flow from investing activities

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Cash flow from operating activities	106.5	66.1	137.2	139.4
Cash flow from investing activities	-11.9	-40.0	-86.7	-179.5
Cash flow from operations	94.6	26.1	50.6	-40.1

Net Debt

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

	2021	2020	2021	2020
MSEK	Dec 31	Dec 31	Dec 31	Dec 31
Interest-bearing liabilities, non-current	543.3	881.0	543.3	881.0
Interest-bearing liabilities, current	377.7	88.9	377.7	88.9
Cash and cash equivalents	10.6	19.4	10.6	19.4
Net Debt	910.5	950.5	910.5	950.5

Key Ratios related to bond terms and conditions

Net Sales Core and International Operations

Net sales from all operations excluding (Core) or including (International) Brazil, Germany and China

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net Sales	442.7	463.3	1,745.1	1,462.9
Sweden	222.2	272.9	927.1	795.9
Latvia	117.2	108.3	406.8	355.3
Hungary	47.0	36.1	182.8	141.7
Group adjustment	-0.6	-0.5	-22.4	-0.5
Net Sales Core operations	385.8	416.8	1,494.2	1,292.4
Brazil	28.0	19.1	121.8	71.9
Germany	28.4	27.4	128.2	97.1
China	0.6	0.0	1.0	1.5
Net Sales International operations	56.9	46.5	250.9	170.5

Net Sales by customer end markets in %

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

- Commercial vehicles
- General industry
- Mining and Constructions
- Agriculture
- Passenger cars

	2021	2020	2021	2020
%	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Commercial vehicles (%)	61.4	70.0	61.6	63.9
General industry (%)	21.1	15.0	19.4	18.6
Mining & construction (%)	2.3	1.3	2.1	2.6
Agriculture (%)	1.1	0.5	0.8	0.7
Passenger cars (%)	14.2	13.1	16.0	14.3
Net Sales by customer end markets in %	100.0	100.0	100.0	100.0

EBITDA Core and International Operations

EBITDA from all operations excluding (Core) or including (International) Brazil, Germany and China

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MSEK				
EBITDA	46.1	59.3	223.0	157.0
Sweden	3.0	20.5	53.2	36.8
Latvia	17.3	18.3	66.9	44.5
Hungary	10.1	7.4	30.1	23.2
Group adjustment	10.8	-27.4	63.1	41.6
EBITDA Core operations	41.3	18.8	213.3	146.1
Brazil	0.4	1.8	8.5	6.2
Germany	5.2	41.1	4.7	14.0
China	-0.7	-3.6	-3.6	-10.6
Group adjustment	–	1.2	–	1.2
EBITDA International operations	4.8	40.5	9.6	10.9

EBITDA excl. IFRS 16

EBITDA adjusted with the effects of IFRS 16. Leasing costs that according to IFRS 16 have been excluded from Other operating expenses are added back, which means a decrease of EBITDA compared to the EBITDA in the income statement

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MSEK				
EBITDA	46.1	59.3	223.0	157.0
Reversal of rent	11.2	10.9	44.9	45.0
EBITDA excl. IFRS 16	34.9	48.3	178.0	112.0

Adjusted EBITDA

EBITDA excl. IFRS 16 adjusted for non-recurring items not in excess of an amount of 10% of EBITDA excl. IFRS 16

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MSEK				
EBITDA excl. IFRS 16	34.9	48.3	178.0	112.0
Exceptional items	4.8	10.3	4.8	10.3
Adjusted EBITDA	39.7	58.6	182.8	122.3

Adjusted EBITDA margin %

Adjusted EBITDA divided by Net Sales

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MSEK				
Net Sales	442.7	463.3	1,745.1	1,462.9
Adjusted EBITDA	39.7	58.6	182.8	122.3
Adjusted EBITDA margin %	9.0	12.7	10.5	8.4

Exceptional items

Items affecting comparability in the form of costs for offering and admission to trading of the Company's shares on Nasdaq Stockholm in 2021 and write-down of accounts receivable related to LEAX Arkivator Telecom Group in 2020.

	2021	2020	2021	2020
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
MSEK				
Costs for offering and admission to trading of the Company's shares on Nasdaq Stockholm	4.8	–	4.8	–
Write-down of accounts receivable related to LEAX Arkivator Telecom Group	–	10.3	–	10.3
Exceptional items	4.8	10.3	4.8	10.3

Adjusted Net Debt

Net debt adjusted with other lease liabilities than lease liabilities previously capitalized as financial leases in accordance with IAS 17

	2021	2020	2021	2020
MSEK	Dec 31	Dec 31	Dec 31	Dec 31
Net Debt	910.5	950.5	910.5	950.5
Adj for Other lease liabilities, non-current	114.1	145.0	114.1	145.0
Adj for Interest-bearing liabilities, current	38.4	36.5	38.4	36.5
Adjusted Net Debt	757.9	769.1	757.9	769.1

Net Debt/Equity

Net Debt/Equity

	2021	2020	2021	2020
MSEK	Dec 31	Dec 31	Dec 31	Dec 31
Equity	186.4	165.9	186.4	165.9
Net Debt	910.5	950.5	910.5	950.5
Net Debt / Equity	4.9	5.7	4.9	5.7

Realized currency gains/losses

Currency profits/losses from completed transactions

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Realized currency gains on operating items	1.7	1.4	4.4	7.4
Realized currency losses on operating items	-1.8	-1.2	-7.1	-7.6
Realized currency gains/losses on financial items	0.0	-2.8	0.2	-2.7
Realized currency gains/losses	-0.1	-2.6	-2.5	-3.0

Unrealized currency gains/losses

Currency profits or losses that have occurred, but the transactions have not been completed

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Unrealized currency gains on operating items	1.0	1.5	3.8	6.3
Unrealized currency losses on operating items	-1.0	-0.8	-3.6	-6.6
Unrealized currency gains/losses on financial items	-0.6	-8.2	4.0	-23.1
Unrealized currency gains/losses	-0.5	-7.5	4.3	-23.3

Adjusted Net Debt/EBITDA excl. IFRS 16 LTM

Adjusted Net Debt/EBITDA excl. IFRS 16 LTM

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Adjusted Net Debt	757.9	769.1	757.9	769.1
EBITDA excl. IFRS 16 LTM	178.0	112.0	178.0	112.0
Adjusted Net Debt / EBITDA excl. IFRS 16 LTM	4.3	6.9	4.3	6.9

Adjusted Net Debt/Adjusted EBITDA LTM

Adjusted Net Debt/Adjusted EBITDA LTM

	2021	2020	2021	2020
MSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Adjusted Net Debt	757.9	769.1	757.9	769.1
Adjusted EBITDA LTM	182.8	122.3	182.8	122.3
Adjusted Net Debt / Adjusted EBITDA LTM	4.1	6.3	4.1	6.3

Financial calendar		Contact information
Annual report 2021	April 4, 2022	Tony Nicol, Group President and CEO Phone: +44 (0)755 728 67 67 Mail: tony.nicol@leax.com
Interim report January–March 2022	May 5, 2022	
Annual General Meeting	May 5, 2022	Roger Berggren, Chairman of the Board Phone: +46 (0)70 655 99 71 Mail: roger.berggren@leax.com
Interim report April–June 2022	August 25, 2022	
Interim report July–September 2022	November 17, 2022	Ulrika Hellberg, CFO Phone: +46 (0)72 500 87 33 Mail: ulrika.hellberg@leax.com

This information is inside information that LEAX Group AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, on February 1, 2022, at 08.30 CET.

AUDITORS' REVIEW REPORT

Introduction

We have reviewed the interim financial report of LEAX Group AB (publ.) as of 31 December 2021 and the twelve-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, January 31, 2022

Grant Thornton Sweden AB

Joakim Söderin

Authorized Public Accountant



LEAX Group AB (publ)

Reg. No. 556658-4479

info@leax.com

Nya Hamnvägen 4, 731 36 Köping, Sweden

www.leax.com