

YEAR-END ANNOUNCEMENT

January – December, 2017

Legres AB (publ)

Published February 28, 2018

INTERIM REPORT JANUARY – DECEMBER, 2017

SUMMARY: OCTOBER – DECEMBER 2017

- Net Sales amounted to SEK 194.8 million
- Operating Result amounted to SEK 6.3 million
- Net Result amounted to SEK -8.1 million
- Cash Flow from operating activities amounted to SEK 47.6 million

SUMMARY: JANUARY - DECEMBER 2017

- Net Sales amounted to SEK 363.2 million
- Operating Result amounted to SEK 35.7 million
- Net Result amounted to SEK 2.9 million
- Cash Flow from operating activities amounted to SEK 22.2 million

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- On June 30, 2017 the Legres AB (publ) (the “**Parent Company**”) acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S (“**Sergel Companies**”) from Telia Company AB. The Group provides credit management services and operates throughout the Nordic region.
- Senior Secured Callable Floating Rate Bonds (the “**Bond**”) issued with nominal amount of SEK 490.0 million.
- Received Subordinated Loan from the shareholder (“**Shareholder Loan**”) with nominal amount of SEK 200.0 million.
- Bond listed on the Corporate Bond list at Nasdaq Stockholm on August 28
- The current financial year is the first financial year for the Parent Company and the Group. Prior the acquisition of the Sergel Companies, the Parent Company had no operations.

KEY FIGURES (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Net Sales	194.8	363.2
EBITDA	22.5	52.3
Adjusted EBITDA	36.0	66.7
Operating Result	6.3	35.7
Net Result	-8.1	2.9
Interest Coverage Ratio (pro forma)	-	3.6x
Net Interest Bearing Debt to EBITDA (pro forma)	-	2.4x
Cash and Cash Equivalents	-	297.8

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- There are no significant events to report that have occurred after the reporting period.

COMMENTS FROM THE CEO

I am very pleased to be able to present the first year-end announcement for Legres after the acquisition of Sergel Companies from Telia. The acquisition is a result of our growth strategy in areas that complement Marginalen's operations. With the acquisition, our credit management service (CMS) covers the Nordic region, as well as Latvia and Lithuania. Our presence enables us to attract bigger customers with need of our service in several markets at the same time.

We leave a successful year behind us with growth by about 10 percent. Pro forma adjusted net sales increased from SEK 654.9 million in 2016 to 723.0 million in 2017. This was driven by a very strong development in Norway, where we grew by 23 percent during the year. What made this possible was the fact that Sergel in Norway managed to attract new customers, such as Elkjøp and Komplet, while increasing the volumes from existing deals. It is particularly satisfactory that new business also covers all of Sergel's markets in the Nordic region, which strengthens our position as a Nordic player.

The separation from Telia gives Sergel Companies new self-confidence and greater incentives to become more active in the market, resulting in new business, especially within our focus areas telecom, energy and e-commerce. At the same time, the good cooperation with Telia continues and develops. The long experience and expertise from the telecom industry was a contributing factor why Tele2 in Sweden signed a five-year agreement with Sergel.

During the year, we also worked intensively to complete the separation of Sergel Companies from Telia. Legres and Sergel Companies took over key functions in finance, payroll management and IT. Investments were made in new, modern and scalable platforms that will streamline operations and create better conditions for emerging as a strong Nordic player with a combined offer. The new infrastructure gives us better conditions to live up to our basic value "we care", which is deeply rooted in the Sergel culture. It is about seeing the person behind the assignments and doing what we can to help both customers and debtors in a personal and engaging manner.

Investments in the separation contributed to non-recurring costs that affected our profit. The number of actively managed debt collection cases increased, which also increased costs during the year. However, we expect that recoveries from these cases will strengthen next year's profit. Pro forma adjusted EBITDA for the year amounts to SEK 147.0 million (153.5 million).

2018 will be an exciting year for the Sergel Companies, as we, in order to establish Sergel as a Nordic player with a combined offer, will develop the synergies and economies of scale between the companies. For the implementation, we have put in place a significant investment plan that includes the development of a new group-wide collection system.

We see that these investments provides the basis for developing services that are even more competitive and that will take us several steps closer to our long-term goal - to become one of the three leading credit management companies in the Nordic region. In terms of quality and customer satisfaction, there is only one goal. To become number one.

Charlotte Strandberg
CEO
Legres AB (publ)

GROUP FINANCIALS

GROUP FINANCIALS (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Net Sales	194.8	363.2
EBITDA	22.5	52.3
Adjusted EBITDA	36.0	66.7
Operating Result	6.3	35.7
Financial Net	-14.6	-29.3
Tax	0.3	-3.4
Net Result	-8.1	2.9
Average number of employees	322	322

INCOME AND EARNINGS

The Group's net sales in the fourth quarter amounted to SEK 194.8 million. Operating result for the fourth quarter was SEK 6.3 million. Operating result adjusted for deprotonations SEK -16.2 million and non-recurring items, acquisition costs -9.5 million and separation costs -4.1 million, amounts to 36.0 million.

The Group's net sales during the year amounted to SEK 363.2 million. Operating profit for the year amounted to SEK 35.7 million. Operating result adjusted for deprotonations SEK -16.6 million and non-recurring items, acquisition costs -9.5 million and separation costs -5.0 million, amounts to 66.7 million.

FINANCIAL NET

The Group's financial net in the fourth quarter amounted to SEK -14.6 million whereof financial costs for Bonds amounted to -10.3 million and financial costs for Shareholder Loan amounted to -4.2 million.

The Group's financial net during the year amounted to SEK -29.3 million whereof financial costs for Bonds amounted to -20.4 million and financial costs for Shareholder Loan amounted to -8.3 million.

The interest on the Bonds is set to a floating rate of three-month STIBOR with floor at 0,00 per cent plus a margin of 7.25 per cent per annum and will be paid on quarterly basis. Bonds matures December 29, 2020. The interest on the Shareholder Loan is set to 8.00 per cent per annum. The interest on the Shareholder Loan shall be paid on the date following the full redemption of the Bonds.

TAX

The Group's tax expense for the year amounted to SEK -3.4 million, of which 0.3 million in the fourth quarter. The Group's earnings were charged with an effective tax rate of 53.8%. The high tax rate is due to non-deductible acquisition costs.

CASH FLOW

CASH FLOW (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Cash and cash equivalents at the start of period	247.0	0.5
Cash flow from operating activities	47.6	22.2
Cash flow from investing activities*	0.0	-401.0
Cash flow from financing activities	0.0	675.0
Cash flow for the period	47.6	296.2
Exchange rate difference	3.2	1.1
Cash and cash equivalents at the end of period	297.8	297.8

*Including liquid assets in acquired subsidiaries

Cash flow from operating activities in the fourth quarter amounted to SEK –47.6 million and for the year 22.2 million.

Cash flow from investing activities for the year adjusted for the cash and cash equivalents in acquired companies amounted to SEK -401.0 million whereof acquired cash equivalents stands for 273.7 million.

Cash flow from financing activities for the year SEK 675.0 million refers to the Bond financing, 490.0 million, Shareholder Loan reception, 200.0 million, and Bond financing transaction cost -15.0 million.

ACQUISITION OF SUBSIDIARIES

Acquisition price for the Sergel Companies was SEK 674.7 million. Fair value of the net assets identified at the acquisition date is 372.3 million. Goodwill identified on the acquisition date is 302.4 million. The preliminary acquisition analysis may be adjusted in connection with final valuation of identifiable assets and liabilities at fair value.

Acquired net assets are distributed as follows.

ACQUISITION OF SUBSIDIARIES (SEK million)	Carrying value before acquisition	Fair value adjustments	Fair value
Intangible assets	15.9	353.5	369.4
Property, plant and equipment	1.9		1.9
Other Assets	155.6		155.6
Cash & bank	273.7		273.7
Provisions for pensions	-161.2		-161.2
Other liabilities	-188.2	-78.6	-266.8
Recognized amount of identifiable net assets acquired	97.6	274.8	372.3
Acquisition value			674.7
Goodwill			302.4
Cash & bank in in acquired companies			-273.7
Net cash outflow			401.0

PENSION LIABILITY

The pension liability in Sergel Kreditjänster AB relates to the ITP2 pension plan which is secured through a pension fund (Sw. pensionsstiftelse) and credit insurance with PRI Pensionsgaranti. Furthermore, Sergel Kreditjänster AB shares in Telia's pension foundation. The net pension provision amounts to SEK 166.4 million.

PARENT COMPANY

Legres AB (publ) is a Swedish public limited liability company operating under the laws of Sweden with corporate ID no. 559085-4773. The registered office of the company is Box 26134, 100 41 Stockholm and the company's headquarters is located at Adolf Fredriks Kyrkogata 8, 111 37 Stockholm with telephone number 010-495 10 00.

In accordance with the articles of association of the company, adopted on April 27, 2017, the object of the company is to serve as parent company for a group of companies conducting invoice services, credit decisions, debt collection, legal business and other activities related thereto, in Sweden as-well as abroad. On June 30, 2017 the Company acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S from Telia Company AB.

The Parent Company received dividend of SEK 51.5 million on September 26 from Sergel OY.

The Parent Company had no operations before the acquisition of Sergel Companies.

TRANSACTIONS WITH RELATED PARTIES

Legres AB (publ) has received Shareholder Loan from Legres Holding AB with nominal amount of SEK 200.0 million in connection with the acquisition of Sergel Companies. The interest on the subordinated loan is capitalized until full redemption of the Bonds.

ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 Interim Financial Reporting for the Group and in accordance with Chapter 9 of the Annual Accounts Act for the Parent Company. The Group applies IFRS as adopted by the EU. The parent company applies RFR 2 Accounting for legal entities.

IMPLEMENTATION OF IFRS 9 AND IFRS 15

IFRS 9 Financial Instruments will come into force January 1, 2018. The current assessment is that the transition to IFRS 9 will not have any material impact on the Group's financial reports.

IFRS 15 Revenue from customer agreement comes into force on January 1, 2018. The services that the Group provide to its customers constitute a performance commitment and the current analysis of the effect from the

transition to IFRS 15 shows that there will be no material changes regarding the identification of performance commitments or distribution of the transaction price on performance commitments, nor the date of recognition of revenue when performance commitments have been met. This means that the income statement according to IFRS 15 is not expected to materially affect the income statement according to current standards.

RISK FACTORS

As a consequence of the Bond financing and acquisition of Sergel Companies, the Group's risks has been analyzed and presented in the Prospectus (page 4 – 15) prepared for the application for the listing of the Bonds at Nasdaq Stockholm. This document can be accessed from the Group's website:

http://sergel.com/wp-content/uploads/com/2017/08/Legres-AB-publ-Prospectus-24-August-20177621065_1.pdf

The risk factors contains various forward-looking statements, including statements regarding the intent, opinion, belief or current expectations of the Group or its management with respect to, among other things, (i) the Group's target market, (ii) evaluation of the Group's markets, competition and competitive position, (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements.

PUBLICATION OF FINANCIAL INFORMATION

Interim reports and other financial information are available at Legres AB (publ) website at www.legres.se.

The interim report for the first quarter, 2018 will be published May 30, 2018.

The interim report for the second quarter, 2018 will be published August 29, 2018.

The interim report for the third quarter, 2018 will be published November 15, 2018.

The Board of Directors provide their assurance that this interim report provides an accurate overview of the operations of the Parent Company and the Group, and that it also describes the principal risks faced by the Parent Company and the Group.

Stockholm, February 28, 2018

Ewa Glenow
Chairman of the Board

Charlotte Strandberg
Board Member, CEO

Per Örtlund
Board Member

The year-end announcement has not been reviewed by the Group's auditors.

CONTACT DETAILS

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GROUP FINANCIAL STATEMENTS**GROUP INCOME STATEMENT IN SUMMARY**

INCOME STATEMENT (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Net Sales	194.8	363.2
Production Cost	-155.0	-265.1
Gross Result	39.8	98.1
Administrative expenses	-24.0	-52.9
Other operating income		
Other operating costs	-9.5	-9.5
Operating Result	6.3	35.7
Financial Net	-14.6	-29.3
- whereof contemplated Bonds	-10.3	-20.4
- whereof shareholder loans	-4.2	-8.3
Result before tax	-8.3	6.4
Tax	0.3	-3.4
Net Result	-8.1	2.9

GROUP STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

COMPREHENSIVE INCOME (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Net Result	-8.1	2.9
Items that can be reclassified into profit and loss		
Currency translation difference	-0.4	-0.7
Comprehensive income for the period	-8.5	2.2

GROUP BALANCE SHEET IN SUMMARY

BALANCE SHEET (SEK million)	31 Dec 2017	31 Dec 2016
Assets		
<i>Non-current assets</i>		
Intangible assets	355.2	-
Goodwill	302.4	-
Property plant and equipment	3.7	-
Other long-term receivables	5.8	-
Deferred tax assets	27.7	-
Sum of Non-current assets	694.9	-
<i>Current assets</i>		
Prepaid expenses & accrued revenues	43.5	-
Other receivables	179.7	-
Cash & bank	297.8	0.5
Sum of Current assets	521.0	0.5
Sum of Total Assets	1 215.8	0.5
Equity	2.7	0.5
Liabilities		
<i>Non-current liabilities</i>		
Provisions for pensions	166.4	-
Long interest-bearing liabilities	476.8	-
Subordinated liabilities	208.3	-
Deferred tax liabilities	75.2	-
Sum of Non-current liabilities	926.8	-
<i>Current liabilities</i>		
Current tax liabilities	48.6	-
Deferred revenues & accrued expenses	89.3	-
Short-term provision	-	-
Other liabilities	148.4	-
Sum of Current liabilities	286.3	-
Total liabilities	1 213.1	-
Sum of Total Liabilities & Equity	1 215.8	0.5

GROUP STATEMENT OF CHANGES IN EQUITY IN SUMMARY

CHANGES IN EQUITY (SEK million)	31 Dec 2017	31 Dec 2016
Equity at the beginning of the period	0.5	0.5
Net Result for the period	2.2	-
Equity at the end of the period	2.7	0.5

GROUP CASH FLOW STATEMENT IN SUMMARY

CASH FLOW (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Operating Activities		
Result before Tax	-8.3	6.4
Adjustments - items not included in the cash flow	21.7	27.1
-whereof depreciation and impairment of assets	16.2	16.6
-capitalised and accrued interest	4.2	8.3
-other	1.3	2.2
Cash Flow From Operating Activities before change in working capital	13.4	33.5
Other operating assets (incr - / decr+)	-12.7	-80.7
Other operating liabilities (incr+ / decr-)	46.9	69.4
Cash Flow from Operating Activities	47.6	22.2
Investing Activities		
Acquisitions/divestments of subsidiaries, net of cash acquired	-	-401.0
Cash Flow from Investing Activities	-	-401.0
Financing Activities		
Received Bond funding	-	490.0
Received shareholder loan	-	200.0
Paid Bond transaction fees	-	-15.0
Cash Flow from Financing Activities	-	675.0
Cash Flow from the period	47.6	296.2
Cash and cash equivalents at the beginning of the period	247.0	0.5
Exchange rate difference in cash and cash equivalents	3.2	1.1
Cash and cash equivalents	297.8	297.8

GROUP SEGMENT INFORMATION IN SUMMARY

NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Sweden	112.5	211.1
Norway	36.3	70.2
Finland	32.2	54.4
Denmark	13.8	27.5
Total Net Sales from external clients by region	194.8	363.2

OPERATING RESULT BY REGION (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Sweden	7.4	20.1
Norway	0.6	11.3
Finland	0.6	4.3
Denmark	-2.3	0.0
Operating Result by region	6.3	35.7
Financial Net	-14.6	-29.3
Tax	0.3	-3.4
Net Result	-8.1	2.9

The group provides currently services only within credit management segment.

OTHER FINANCIAL INDICATORS *(not defined by IFRS)*

Interest Coverage Ratio (pro forma) is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis.

INTEREST COVERAGE RATIO
(SEK million)

Pro Forma adjusted EBITDA on rolling twelve months	147.0
Pro Forma adjusted Net Finance Charges on rolling twelve months	40.9
Interest Coverage Ratio (pro forma)	3.6x

Net Interest Bearing Debt to EBITDA (pro forma) is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis.

NET INTEREST BEARING DEBT to EBITDA (SEK million)

Net Interest Bearing Debt	358.7
Pro Forma adjusted EBITDA on rolling twelve months	147.0
Interest Coverage Ratio (pro forma)	2.4x

Cash and Cash Equivalents is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis. Total cash and cash equivalents in the group is SEK 297.8 million.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT IN SUMMARY

INCOME STATEMENT (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Net Sales	3.5	3.5
Production Cost	-	-
Gross Result	3.5	3.5
Other administrative expenses	-4.1	-5.0
Other operating income	-	-
Other operating costs	-	-
Operating Result	-0.6	-1.5
Financial Net	-13.5	23.7
- whereof contemplated Bonds	-10.3	-20.4
- whereof shareholder loans	-4.2	-8.3
- whereof dividends	-	51.1
Result before tax	-14.1	22.2
Tax	3.1	6.4
Net Result	-11.0	28.7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

COMPREHENSIVE INCOME (SEK million)	OCTOBER - DECEMBER	JANUARY - DECEMBER
	2017	2017
Net Result	-11.0	28.7
Comprehensive income for the period	-11.0	28.7

PARENT COMPANY BALANCE SHEET IN SUMMARY

BALANCE SHEET (SEK million)	31 Dec 2017	31 Dec 2016
Assets		
<i>Non-current assets</i>		
Intangible assets	-	-
Property plant and equipment	-	-
Shares in subsidiaries	684.1	-
Other long-term receivables	-	-
Deferred tax assets	6.4	-
Sum of Non-current assets	690.6	-
<i>Current assets</i>		
Prepaid expenses & accrued revenues	6.2	-
Other receivables	4.1	-
Cash & bank	33.0	0.5
Sum of Current assets	43.3	0.5
Sum of Total Assets	733.9	0.5
Equity	40.2	0.5
Liabilities		
<i>Non-current liabilities</i>		
Untaxed reserves	-	-
Provisions for pensions	-	-
Long interest-bearing liabilities	476.8	-
Subordinated liabilities	208.3	-
Sum of Non-current liabilities	685.2	-
<i>Current liabilities</i>		
Current tax liabilities	-	-
Deferred revenues & accrued expenses	0.4	-
Short-term provision	-	-
Other liabilities	19.1	-
Sum of Current liabilities	19.6	-
Total liabilities	704.7	-
Sum of Total Liabilities & Equity	733.9	0.5

OWNERSHIP STRUCTURE

Legres AB (publ) is a wholly owned subsidiary of Legres Holding AB, corporate ID no. 559093-6596, with its registered office in Stockholm. Legres Holding AB is a wholly owned subsidiary of Marginalen Group AB, corporate ID no. 556587-0242, based in Stockholm.

DEFINITIONS

"**Adjusted EBITDA**" means, EBITDA excluding Non-recurring items.

"**Cash Equivalents**" means, in respect of the Group, and at any time, (i) immediately available funds to which a Group Company is alone (or together with other Group Companies) beneficially entitled at bank or postal accounts and (ii) marketable debt securities held for cash management purposes that can be realised promptly and which has a credit rating of either A-1 or higher by Standard & Poor's Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody's Investor Services Limited.

"**EBITDA**" means, operating earnings before depreciation and amortisation.

"**Interest Coverage Ratio (pro forma)**" means the ratio of Pro Forma adjusted EBITDA on rolling twelve months to Pro Forma adjusted Net Finance Charges on rolling twelve months.

"**Net Finance Charges**" means financial charges related to the Bond and Transaction Cost.

"**Net Interest Bearing Debt**" means the aggregate interest bearing debt and pension provision less Cash and Cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time.

"**Net Interest Bearing Debt to EBITDA (pro forma)**" means the ratio of Net Interest Bearing Debt to Pro Forma adjusted EBITDA.

"**Non-recurring items**" means significant events that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. Non-recurring items include separation and integration costs, extraordinary projects, acquisition and divestment expenses and costs for relocation to new office space.

"**Pro Forma adjusted EBITDA**" means EBITDA adjusted as if the acquisition of Sergel Companies was done twelve months prior the last day of current interim report.

"**Pro Forma adjusted Net Sales**" means Net Sales adjusted as if the acquisition of Sergel Companies was done twelve months prior the last day of current interim report.

"**Pro Forma adjusted Net Finance Charges**" means Net Finance Charges adjusted as if the acquisition of Sergel Companies was done twelve months prior the last day of current interim report.

"**Transaction Costs**" means all fees, costs and expenses, stamp, registration and other taxies incurred by the Legres AB (publ) or any other member of the Group in connection with (i) the Bond Issue, (ii) the listing of the Bonds, and (iii) the acquisition of the Sergel Companies.