

# **INTERIM REPORT**

**January – September 2020**

**Legres AB (publ)**

**559085-4773**

**Published November 27, 2020**

## INTERIM REPORT JANUARY – SEPTEMBER 2020

### JULY – SEPTEMBER 2020

- Net sales amounted to SEK 185.6 million (203.2)
- Operating result amounted to SEK 27.9 million (34.8)
- Net result amounted to SEK 10.7 million (-3.9)
- Cash flow from operating activities amounted to SEK 21.0 million (-11.1)

### JANUARY – SEPTEMBER 2020

- Net sales amounted to SEK 547.1 million (620.1)
- Operating result amounted to SEK 48.8 million (77.7)
- Net result amounted to SEK 4.1 million (4.6)
- Cash flow from operating activities amounted to SEK 42.6 million (14.7)

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- No significant events have occurred during the period.

KEY FIGURES (SEK million)	JULY – SEPTEMBER 2020	JULY – SEPTEMBER 2019	JANUARY – SEPTEMBER 2020	JANUARY – SEPTEMBER 2019
Net sales	185.6	203.2	547.1	620.1
EBITDA	42.8	46.9	91.8	115.5
Adjusted EBITDA	38.0	42.4	77.4	102.0
Operating result	27.9	34.8	48.8	77.7
Net result	10.7	-3.9	4.1	4.6
Cash flow from operating activities	21.0	-11.1	42.6	14.7
Interest coverage ratio	3.25x	3.91x	3.25x	3.91x
Net interest bearing debt to EBITDA	3.34x	2.85x	3.34x	2.85x
Cash and cash equivalents	187.7	150.8	187.7	150.8

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

No significant events have taken place after the reporting period.

### **About Legres AB (publ)**

Legres AB (publ) is the parent company of the Sergel companies in the Nordic region. These were acquired in June 2017 from Telia Company. The Sergel companies have approximately 350 employees and consist of Sergel Kreditjänster AB in Sweden, Sergel Oy in Finland, Sergel Norge AS in Norway and Sergel A/S in Denmark. The Sergel companies market services within credit scoring, AR, debt collection and payment- and message services.

## CEO's comments

During the third quarter COVID-19 increasingly affected both our private lives and work lives. Old truths are now being challenged and replaced by new thinking, and never has our motto “We Care” better come into its own. Because that is exactly what it is about, in these times, to care extra about both employees and customers and to have a greater understanding of each other. Our corporate culture is brought to life and spread with the help of our cultural ambassadors who, among other things, ensure that both new and existing employees are embraced by our corporate culture.

The effects of COVID-19 were also clearly noticeable on our business during the quarter. A lower activity among both companies and private individuals led to reduced business volumes, which had a negative effect on both sales, SEK 185.6 million (203.2) and operating profit, SEK 27.9 million (34.8). However, our long-term undertaking to continuously streamline our way of working together in a more modern IT environment has led to lower cost that partially compensated for the decrease in sales and maintained the result. Operating cash flow also had a positive development and increased during the quarter to SEK 21.0 million (-11.1).

During the third quarter, we worked to further strengthening our position as one of the leading Nordic credit management companies with a comprehensive and customized offering. Important cornerstones in our future strategy are new and modern working methods, a clear customer focus throughout the Group and even more active marketing and sales. During the quarter, work continued harmonizing and further developing our products and services, interfaces, working methods and IT environment in all Nordic markets. A major step along the way is the implementation of the new debt collection system, a work that was carried out in previous quarters in Sweden with good results and which began during the quarter in Finland. The benefits are many; the interfaces are more customized, and the degree of automation is significantly higher than before, leading to more efficient processes and lower costs.

Denmark had a strong development during the quarter thanks to process improvements, insourcing and intensive work with the development of culture and leadership. In Norway, we signed an extension agreement with one of our largest customers, thus securing future sales. New and more efficient working methods and processes with an increased degree of automation result in operations not having to be as personnel intensive as before, which led to 18 employees being laid off. The decision was also affected by new legislation that will come into force in October, which reduces collection fees by approximately 30-35 percent per case. To lay off employees was not an easy decision, but necessary to be competitive and be able to develop the business in the best way going forward. During the quarter, Sweden won several contracts in SMS services and a major business in banking and finance.

In Finland, several new customer agreements were signed during the quarter, which will have a positive effect on the result going forward, including a debt collection agreement with a leading telecom company. It is also gratifying that we receive feedback from customers that despite COVID-19, our way of working leads to reduced outstanding debts, high debt collection and satisfied end customers.

It feels reassuring that for each quarter, we are increasingly better equipped to face the future and that our customer offering is continuously developing at a rapid pace, which further strengthens our position in the market.

/Isak Åsbrink

## INCOME AND EARNINGS

The Group's net sales in the third quarter amounted to SEK 185.6 million (203.2), which is a decrease by 9% compared to the corresponding quarter 2019. The decrease is primarily contributed to lower volumes from existing customers. The operating profit for the third quarter was SEK 27.9 million (34.8), which is a decrease by 20% compared to the corresponding quarter 2019. The lower profit is contributed to the decrease in revenue but implemented efficiencies have resulted in a lower cost base which means that the profit does not decrease to the same extent as net sales.

For the nine-month period the Group's net sales amounted to SEK 547.1 million (620.1), which is a decrease by 12% compared to previous year. Operating profit was SEK 48.8 million (77.7).

## FINANCIAL NET

The Group's financial net in the third quarter amounted to SEK -14.3 million (-40.5) whereof financial costs for the Bond amounted to SEK -9.1 million (-35.0) and financial costs for the Shareholder Loan amounted to SEK -3.2 million (-2.9). The cost related to the Bonds for the previous year includes one-off costs of SEK 25.8 million to cancel the previous Bond.

For the nine-month period the Group's financial net amounted to SEK -43.0 million (-71.0) whereof financial costs for the Bond amounted to SEK -28.8 million (-55.3) and financial costs for the Shareholder Loan amounted to SEK -8.7 million (-12.1). The cost related to the Bonds for the previous year includes one-off costs of SEK 25.8 million to cancel the previous Bond.

The interest on the Bond is set to a floating rate of three-month STIBOR plus a margin of 6.00 per cent per annum and will be paid on a quarterly basis. The Bond matures on July 9, 2022. The interest on the Shareholder Loan is set to 8.00 per cent per annum. The interest on the Shareholder Loan will be paid on the date following the full redemption of the Bond.

## TAX

The Group's tax expense for the third quarter amounted to SEK -2.9 million (1.8) and consisted of current tax of SEK -7.7 million (-8.8) and deferred tax of SEK 4.7 million (10.6).

For the nine-month period the Group's tax expense amounted to SEK -1.7 million (-2.1) and consisted of current tax of SEK -15.5 million (-22.4) and deferred tax of SEK 13.7 million (20.4).

## CASH FLOW AND FINANCIAL POSITION

The Group's cash flow from operating activities for the quarter increased from SEK -11.1 million previous year to SEK 21.0 million this year. This is primarily due to changes in operating receivables.

Investments in fixed assets has been lower during the quarter than previous year. This is due to lower investments in the technical platform compared to the previous year.

Cash flow from financing activities is related to changes in the leasing debt.

For the nine-month period, the Group's cash flow from operating activities has increased from SEK 14.7 million to SEK 42.6 million. The increase is primarily due to a negative effect of increased operating receivables during previous year.

Investments in fixed assets are lower than previous year, primarily due to lower investments in the technical platform.

Cash flow from financing activities consist of changes in the leasing debt.

### **OTHER FINANCIAL INDICATORS** *(not defined by IFRS)*

**Interest Coverage Ratio** is included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. The interest coverage ratio must exceed 2.50x.

<b>INTEREST COVERAGE RATIO (SEK million)</b>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
Adjusted EBITDA on rolling twelve months	121.3	155.4	145.9
Adjusted Net Finance charges on rolling twelve months	37.3	39.7	36.5
<b>Interest Coverage Ratio</b>	<b>3.25x</b>	<b>3.91x</b>	<b>3.99x</b>

**Net Interest Bearing Debt to EBITDA** is included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. The indicator must not exceed 3.75x. Net interest bearing debt does not include debt relating to obligations to pay future leasing fees according to IFRS 16.

<b>NET INTEREST BEARING DEBT TO EBITDA (SEK million)</b>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
Net interest bearing debt	404.6	443.3	403.0
Adjusted EBITDA on rolling twelve months	121.3	155.4	145.9
<b>Net interest bearing debt to EBITDA</b>	<b>3.34x</b>	<b>2.85x</b>	<b>2.76x</b>

**Cash and cash equivalents** are included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. Cash and cash equivalents must amount to at least SEK 20.0 million. Cash and cash equivalents amounted to SEK 187.7 million per 30 September 2020 (SEK 186.6 million per 31 December 2019 and SEK 150.8 million per 30 September 2019).

**GROUP FINANCIAL STATEMENTS****GROUP INCOME STATEMENT**

<b>INCOME STATEMENT (SEK million)</b>	<b>Note</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
Net sales	4	185.6	203.2	547.1	620.1
Production cost		-119.2	-132.2	-376.5	-425.8
<b>Gross result</b>		<b>66.4</b>	<b>71.0</b>	<b>170.6</b>	<b>194.3</b>
Administrative expenses		-38.5	-36.2	-121.8	-116.6
<b>Operating result</b>		<b>27.9</b>	<b>34.8</b>	<b>48.8</b>	<b>77.7</b>
Financial net		-14.3	-40.5	-43.0	-71.0
- <i>whereof Secured Bonds</i>		-9.1	-35.0	-28.8	-55.3
- <i>whereof Shareholder loans</i>		-3.2	-2.9	-8.7	-12.1
<b>Result before tax</b>		<b>13.6</b>	<b>-5.7</b>	<b>5.8</b>	<b>6.7</b>
Tax		-2.9	1.8	-1.7	-2.1
<b>Net result</b>		<b>10.7</b>	<b>-3.9</b>	<b>4.1</b>	<b>4.6</b>

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
<b>Net Result</b>	<b>10.7</b>	<b>-3.9</b>	<b>4.1</b>	<b>4.6</b>
<b>Items that can be reclassified into profit and loss</b>				
Currency translation differences	-0.3	2.0	-9.7	9.6
<b>Items that cannot be reclassified into profit and loss</b>				
Re-evaluation of pensions liability	-2.2	0.7	-4.3	-6.9
Tax effect re-evaluation of pension liability	0.5	-0.2	0.9	1.4
<b>Total other comprehensive income</b>	<b>-2.0</b>	<b>2.5</b>	<b>-13.1</b>	<b>4.1</b>
<b>Comprehensive income for the period</b>	<b>8.7</b>	<b>-1.4</b>	<b>-9.0</b>	<b>8.7</b>

## GROUP BALANCE SHEET

<b>BALANCE SHEET</b> <b>(SEK million)</b>	<b>30 SEP 2020</b>	<b>30 SEP 2019</b>	<b>31 DEC 2019</b>
<b>Assets</b>			
<i>Non-current assets</i>			
Goodwill	302.4	302.4	302.4
Other intangible assets	336.3	339.5	347.3
Property, plant and equipment	3.5	5.2	4.6
Right-of-use assets	104.3	112.0	109.7
Other long-term receivables	5.1	6.9	7.1
Deferred tax assets	28.1	48.0	22.4
<b>Sum of Non-current assets</b>	<b>779.7</b>	<b>814.0</b>	<b>793.5</b>
<i>Current assets</i>			
Accounts Receivable	64.2	69.3	60.0
Prepaid expenses & Accrued revenues	29.7	46.0	43.0
Other receivables	122.8	116.8	106.1
Cash & bank	187.7	150.8	186.6
<b>Sum of Current assets</b>	<b>404.4</b>	<b>382.9</b>	<b>395.7</b>
<b>Sum of Total Assets</b>	<b>1 184.1</b>	<b>1 196.9</b>	<b>1 189.2</b>
<b>Equity</b>	<b>49.8</b>	<b>53.6</b>	<b>58.8</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Provisions for pensions	42.3	44.1	39.6
Long-term interest-bearing liabilities	543.8	540.6	541.4
Subordinated liabilities	149.2	134.5	140.5
Long-term lease liabilities	96.7	102.0	100.7
Deferred tax liabilities	57.7	70.6	68.2
<b>Sum of Non-current liabilities</b>	<b>889.7</b>	<b>891.8</b>	<b>890.4</b>
<i>Current liabilities</i>			
Current lease liabilities	12.6	12.1	11.9
Accounts Payable	47.4	25.1	35.1
Current tax liabilities	3.7	23.8	9.2
Accrued expenses & Deferred revenues	61.2	88.1	96.0
Other liabilities	119.7	102.4	87.8
<b>Sum of Current liabilities</b>	<b>244.6</b>	<b>251.5</b>	<b>240.0</b>
<b>Total liabilities</b>	<b>1 134.3</b>	<b>1 143.3</b>	<b>1 130.4</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>1 184.1</b>	<b>1 196.9</b>	<b>1 189.2</b>

## GROUP STATEMENT OF CHANGES IN EQUITY

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	<b>30 SEP 2020</b>	<b>30 SEP 2019</b>	<b>31 DEC 2019</b>
Equity at the beginning of the period	58.8	44.9	44.9
Comprehensive income for the period	-9.0	8.7	13.9
<b>Equity at the end of the period</b>	<b>49.8</b>	<b>53.6</b>	<b>58.8</b>



**GROUP CASH FLOW STATEMENT**

<b>CASH FLOW (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
<b><i>Operating activities</i></b>				
Result before tax	13.6	-5.7	5.8	6.7
Adjustments – items not included in the cash flow	19.3	27.7	52.8	62.0
-whereof depreciation and impairment of assets	14.9	12.7	43.0	37.8
-capitalized and accrued interest	5.6	2.9	11.1	12.1
-re-evaluation of net pension liabilities	0.2	0.5	0.5	0.9
-other	-1.4	11.6	-1.8	11.2
Taxes paid	-9.5	-10.6	-20.0	-16.8
<b><i>Cash flow from operating activities before change in working capital</i></b>	<b>23.4</b>	<b>11.4</b>	<b>38.6</b>	<b>51.9</b>
Other operating assets (incr- / decr+)	-0.1	-23.5	-8.2	-46.1
Other operating liabilities (incr- / decr+)	-2.3	1.0	12.2	8.9
<b><i>Cash flow from operating activities</i></b>	<b>21.0</b>	<b>-11.1</b>	<b>42.6</b>	<b>14.7</b>
<b><i>Investing activities</i></b>				
Acquisition of intangible assets	-9.8	-13.7	-24.8	-37.2
Acquisition of tangible assets	-0.1	-	-6.4	-0.4
<b><i>Cash flow from investing activities</i></b>	<b>-9.9</b>	<b>-13.7</b>	<b>-31.2</b>	<b>-37.6</b>
<b><i>Financing activities</i></b>				
Received bond funding	-	550.0	-	550.0
Repayment bond funding	-	-490.0	-	-490.0
Repayment of Shareholder loan	-	-100.0	-	-100.0
Paid bond transaction fees	-	-10.1	-	-10.1
Other borrowings	-	-	6.3	-
Repayment of other loans	-6.1	-	-12.6	-
<b><i>Cash flow from Financing activities</i></b>	<b>-6.1</b>	<b>-50.1</b>	<b>-6.3</b>	<b>-50.1</b>
<b>Cash flow for the period</b>	<b>5.0</b>	<b>-74.9</b>	<b>5.1</b>	<b>-73.0</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>182.9</b>	<b>215.2</b>	<b>186.6</b>	<b>217.5</b>
Exchange rate differences	-0.2	10.5	-4.0	6.3
<b>Cash and cash equivalents at the end of the period</b>	<b>187.7</b>	<b>150.8</b>	<b>187.7</b>	<b>150.8</b>

**PARENT COMPANY FINANCIAL STATEMENTS****PARENT COMPANY INCOME STATEMENT**

<b>INCOME STATEMENT (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
Net sales	17.0	12.3	61.0	33.1
Production cost	-	-	-	-
<b>Gross result</b>	<b>17.0</b>	<b>12.3</b>	<b>61.0</b>	<b>33.1</b>
Administrative expenses	-15.1	-12.6	-40.6	-34.0
Depreciation	-2.2	-	-5.0	-
<b>Operating result</b>	<b>-0.3</b>	<b>-0.3</b>	<b>15.4</b>	<b>-0.9</b>
Financial net	-12.8	-38.2	-39.1	-42.6
- whereof Secured bonds	-9.1	-35.0	-28.8	-55.3
- whereof Shareholder loans	-3.2	-3.3	-8.7	-12.5
- whereof Dividends	-	-	-	23.8
- whereof Other	-0.5	0.1	-1.6	1.4
<b>Result before tax</b>	<b>-13.1</b>	<b>-38.5</b>	<b>-23.7</b>	<b>-43.5</b>
Tax	2.8	8.2	5.1	14.4
<b>Net result</b>	<b>-10.3</b>	<b>-30.3</b>	<b>-18.6</b>	<b>-29.1</b>

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
Net Result	-10.3	-30.3	-18.6	-29.1
<b>Comprehensive income for the period</b>	<b>-10.3</b>	<b>-30.3</b>	<b>-18.6</b>	<b>-29.1</b>

**PARENT COMPANY BALANCE SHEET**

	<b>30 SEP 2020</b>	<b>30 SEP 2019</b>	<b>31 DEC 2019</b>
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets	80.3	42.3	60.5
Shares in subsidiaries	684.1	684.1	684.1
Deferred tax assets	19.1	34.6	14.0
<b>Sum of Non-current assets</b>	<b>783.5</b>	<b>761.0</b>	<b>758.6</b>
<i>Current assets</i>			
Prepaid expenses & Accrued revenues	2.1	0.1	0.1
Other receivables	80.7	15.2	86.1
Cash & bank	5.5	34.1	29.4
<b>Sum of Current assets</b>	<b>88.3</b>	<b>49.4</b>	<b>115.6</b>
<b>Sum of Total Assets</b>	<b>871.8</b>	<b>810.4</b>	<b>874.2</b>
<b>Equity</b>	<b>42.6</b>	<b>24.0</b>	<b>61.2</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Long-term interest-bearing liabilities	543.8	540.6	541.4
Subordinated liabilities	233.6	223.1	228.0
<b>Sum of Non-current liabilities</b>	<b>777.4</b>	<b>763.7</b>	<b>769.4</b>
<i>Current liabilities</i>			
Accrued expenses & deferred revenues	17.6	16.2	9.7
Other liabilities	34.2	6.5	33.9
<b>Sum of Current liabilities</b>	<b>51.8</b>	<b>22.7</b>	<b>43.6</b>
<b>Total liabilities</b>	<b>829.2</b>	<b>786.4</b>	<b>813.0</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>871.8</b>	<b>810.4</b>	<b>874.2</b>

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b> (SEK million)			
	<b>30 SEP 2020</b>	<b>30 SEP 2019</b>	<b>31 DEC 2019</b>
<b>Equity at the beginning of the period</b>	<b>61.2</b>	<b>53.1</b>	<b>53.1</b>
Comprehensive income for the period	-18.6	-29.1	8.1
<b>Equity at the end of the period</b>	<b>42.6</b>	<b>24.0</b>	<b>61.2</b>

## **NOTE 1 GENERAL INFORMATION**

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.

The objective of the company is to serve as parent company for a group of companies delivering services within the areas of credit scoring, accounts receivable, debt collections and payment- and message services in Sweden and abroad.

Legres AB (Publ) is a fully owned subsidiary of Legres Holding AB, corporate ID no. 559093-6596, located in Stockholm. Legres Holding AB is in turn a fully owned subsidiary of Marginalen Group AB, corporate ID no. 556587-0242, also located in Stockholm.

## **NOTE 2 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.

The group applies the same accounting principles as stated in the annual report for 2019.

## **NOTE 3 RISKS**

The group annual report describes the risks per 31 December 2019 and contains sensitivity analyses. It is the view of the group that the risks have not changed in any material way during 2020.

**NOTE 4 SEGMENT INFORMATION****GROUP SEGMENT INFORMATION IN SUMMARY**

<b>NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
Sweden	102.8	112.8	297,8	342.4
Norway	31.7	35.9	100,8	122.8
Finland	34.5	39.3	100,0	107.6
Denmark	16.6	15.2	48,5	47.3
<b>Total Net Sales from external clients by region</b>	<b>185.6</b>	<b>203.2</b>	<b>547,1</b>	<b>620.1</b>

All revenue is recognized at a specific point in time.

<b>NET SALES DIVIDED BY SERVICE (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
Debt Collection	118.9	134.4	340.9	403.0
Payment- and message services	25.3	24.2	77.9	82.4
Accounts Receivable	28.8	32.3	91.7	98.3
Credit Decision	12.6	12.1	36.6	36.3
<b>Total Net Sales</b>	<b>185.6</b>	<b>203.2</b>	<b>547.1</b>	<b>620.1</b>

The names of the services, as well as the distribution between them, has changed slightly from the fourth quarter going forward, to better reflect the names used both internally and in other external communication. The comparative figures have been recalculated.

<b>OPERATING RESULT (SEK million)</b>	<b>JULY – SEPTEMBER 2020</b>	<b>JULY – SEPTEMBER 2019</b>	<b>JANUARY – SEPTEMBER 2020</b>	<b>JANUARY – SEPTEMBER 2019</b>
Sweden	14.8	21.0	20.0	44.0
Norway	6.5	8.5	23.5	30.6
Finland	10.9	12.5	22.0	23.5
Denmark	2.9	0.4	5.7	2.2
Group items and eliminations	-7.2	-7.6	-22.4	-22.6
<b>Operating result per region</b>	<b>27.9</b>	<b>34.8</b>	<b>48.8</b>	<b>77.7</b>
Financial net	-14.3	-40.5	-43.0	-71.0
Tax	-2.9	1.8	-1.7	-2.1
<b>Net Result</b>	<b>10.7</b>	<b>-3.9</b>	<b>4.1</b>	<b>4.6</b>

**NOTE 5 RELATED PARTY TRANSACTIONS**

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 set to 8.00 % and is capitalized until full redemption of the Bonds. According to the new bond agreement, a certain repayment of the loan was permitted for a limited time and during this time, SEK 100.0 million of the loan was repaid.

**NOTE 6 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES**

Classification (SEK million) 2020-09-30	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
<b>Financial assets</b>				
Other long-term receivables		5.1		5.1
Accounts Receivable		64.2		64.2
Prepaid expenses & accrued revenues		29.7		29.7
Other receivables		122.8		122.8
Cash & bank		187.7		187.7
<b>Total</b>		<b>409.5</b>		<b>409.5</b>
<b>Financial liabilities</b>				
Long-term interest-bearing liabilities		543.8		543.8
Subordinated debt		149.2		149.2
Lease liabilities		109.3		109.3
Accounts Payable		47.4		47.4
Accrued expenses & deferred revenues		61.2		61.2
Other current liabilities		119.7		119.7
<b>Total</b>		<b>1 030.6</b>		<b>1 030.6</b>

Classification (SEK million) 2019-09-30	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
<b>Financial assets</b>				
Other long-term receivables		6.9		6.9
Accounts Receivable		69.3		69.3
Prepaid expenses & accrued revenues		46.0		46.0
Other receivables		116.8		116.8
Cash & bank		150.8		150.8
<b>Total</b>		<b>389.8</b>		<b>389.8</b>
<b>Financial liabilities</b>				
Long-term interest-bearing liabilities		540.6		540.6
Subordinated debt		134.5		134.5
Lease liabilities		114.1		114.1
Accounts Payable		25.1		25.1
Accrued expenses & deferred revenues		88.1		88.1
Other current liabilities		102.4		102.4
<b>Total</b>		<b>1 004.8</b>		<b>1 004.8</b>

## DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

"**Adjusted EBITDA**" means EBITDA excluding Non-recurring items. The measure is disclosed since the financial covenants in the group's bond terms requires adjustments of certain kinds of 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 realized 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. The indicator is disclosed as it is part of the financial covenants as defined in the terms of the bond.

"**EBITDA**" means operating earnings before depreciation and amortization. The indicator is disclosed to provide a supplemental view of the operating result.

"**Interest Coverage Ratio**" means the ratio of adjusted EBITDA on rolling twelve months to Net Finance Charges on rolling twelve months. The indicator is presented as it is part of the financial covenants in the terms of the bond.

"**Net Finance Charges**" means financial charges related to the Bond and related transaction cost. Net finance charges are presented as they are part of calculations of the bond financial covenants.

"**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. Subordinated liabilities and lease liabilities are excluded. The indicator is disclosed as it is part of the calculation of the financial covenants of the issued bond.

"**Net Interest Bearing Debt to EBITDA**" means the ratio of Net Interest Bearing Debt to adjusted EBITDA. The indicator is disclosed as it is part of the financial covenants of the issued bond.

"**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 and acquisition and divestment expenses. The term is described since the financial covenants of the issued bond are to be adjusted by certain types of non-recurring items.

## **PUBLICATION OF FINANCIAL INFORMATION**

Interim reports and other financial information are available at Legres AB (publ) website at [www.sergel.com](http://www.sergel.com).

The interim report for the fourth quarter 2020 will be published on 26 February 2021.

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 November 27, 2020

Ewa Glennow  
*Chairman of the Board*

Per Örtlund  
*Board Member*

Isak Åsbrink  
*Board Member, Chief Executive Officer*

The Interim report has not been audited by the Group's auditors.

### **CONTACT DETAILS**

Isak Åsbrink, CEO  
+46 70 444 00 47  
[isak.asbrink@sergel.com](mailto:isak.asbrink@sergel.com)

### **LEGRES AB (publ)**

Corporate ID no. 559085-4773

Adolf Fredriks Kyrkogata 8  
Box 26134  
SE-111 37 Stockholm. Sweden

[www.sergel.com](http://www.sergel.com)  
Tel: +46 (0)10-495 10 00