

INTERIM REPORT

January – March 2022

Legres AB (publ)

559085-4773

Published April 29, 2022

INTERIM REPORT JANUARY – MARCH 2022

JANUARY – MARCH 2022

- Net sales amounted to SEK 185.7 million (173.5)
- Operating result amounted to SEK 15.3 million (1.5)
- Net result amounted to SEK -2.2 million (-13.5)
- Comprehensive income amounted to SEK 7.6 million (1.6)
- Cash flow from operating activities amounted to SEK 32.1 million (-17,9)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- On March 31, 2022, it was announced that Klaus Reimer will take over as the new CEO of Legres AB and Sergel Group, succeeding Isak Åsbrink, who will move on to a new position in the business community. Klaus will take over as CEO on April 6, 2022. Klaus has extensive experience from senior positions in the credit management and finance industry and most recently came from a position as CEO of Sergel A/S in Denmark.

KEY FIGURES (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Net sales	185.7	173.5	701.3
EBITDA	32.0	16.0	100.0
Adjusted EBITDA	26.6	11.2	84.0
Operating result	15.3	1.5	34.4
Net result	-2.2	-13.5	-39.1
Cash flow from operating activities	32.1	-17.9	19.5
Interest coverage ratio	3.03x	3.05x	2.56x
Net interest-bearing debt to EBITDA	3.40x	3.40x	4.41x
Cash and cash equivalents	127.6	186.4	99.1

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant event has occurred after 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 a has approximately 310 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, account receivables, debt collection and payment- and message services (Connect).

CEO's comments

It is with great enthusiasm, joy and pride that I, as the newly appointed CEO, report the development of the first quarter for 2022. We start the year strong and present both improved results and increased revenues, much thanks to purposeful work with our focus areas from my representative Isak Åsbrink, which, together with the management and all competent employees, laid the foundation for the Sergel Group's good development during the quarter. Net sales increase to SEK 185.7 million (173.5, Q1 2021) and operating profit to SEK 15.3 million (1.5).

It is primarily the debt collection operations in Sweden and Denmark that had a strong earnings trend during the quarter, where volume growth as well as process efficiencies and business optimization explain the increase, but the figures are also positively affected by an settlement with a customer in Finland. It is also positive that Sweden and Denmark gained several new customers during this quarter. The Connect business area with messaging and payment services also continues to break new ground and sales have grown by approximately 38 percent compared with the first quarter of 2021, both due to volume growth but also generated from several new customers. In Finland and Norway, the markets are tougher and the number of incoming debt collection cases decreases during the quarter. We have a strong belief in the future and employ more than 40 people, primarily in Sweden in operations. At the same time, we succeed in reducing costs during the quarter, largely thanks to new and improved IT systems and optimized work processes that increase the efficiency of the business.

In our surrounding world, we note a general broad price increases that drive up inflation, which is paired with interest rate increases. This is a development that increases the risk of payment difficulties among both companies and private individuals. We see it as our task to support both our customers and our end customers (debtors) when the economic parameters in society change with the goal of contributing to good and sustainable relations between them.

During the quarter, our new vision / strategy was launched, which forms the basis for the company's business model and service offering. Our services will be developed into even more strategic tools that to an increasing extent contribute to optimizing customers' financial situation in both the short and long term. A central part of the strategy is also to safeguard our customers' relationships with their customers and work to ensure that they are long-term and profitable for both parties. Supporting elements are also self-leadership, collaboration and concrete use of data, which should form the basis for basically everything we do. Machine learning, artificial intelligence and advanced analysis thus become a natural part of our work processes and services. At the time of writing, the work is in full swing to anchor the new vision and strategy in the various parts of the business and ensure that its meaning begins to be reflected in the services we offer our customers.

Sergel is in a very exciting stage of its development and we have now laid the foundation for the future and for what will be the future Sergel. I look forward to leading this work together with all competent colleagues in Sweden, Norway, Finland and Denmark.

/Klaus Reimer

INCOME AND EARNINGS

The Group's net sales during the first quarter amounted to SEK 185.7 million (173.5). The increase is primary driven by a strong development in Sweden, which increased both the debt collection business and Connect, but also partly by an settlement with a customer in Finland. Sweden has increased a great deal due to an increase in volume from existing customer, but especially for Connect, the increase in sales is also due to several new customers.

Costs have decreased compared with the same period last year, which is mainly due to lower IT costs and slightly longer personnel costs. However, the decrease is offset by the fact that depreciation is higher than last year, which is explained by the large IT investments in the new core system made in the past year.

Operating profit for the first quarter amounted to SEK 15.3 million (1.5) and is mainly explained by the above events.

FINANCIAL NET

The Group's financial net in the first quarter amounted to SEK -18.0 million (-18.3) whereof financial costs for the Bond amounted to SEK -9.8 million (-11.7) and financial costs for the Shareholder Loan amounted to SEK -3.2 million (-3.0).

The interest on the Bond is set to a floating rate of three-month STIBOR plus a margin of 7.00 per cent (6.00) per annum and will be paid on a quarterly basis. The Bond matures on July 9, 2022 and the refinancing will start during Q2. 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 during the first quarter amounted to SEK 0.5 million (3.3) and consists of current tax of SEK -4.6 million (2.0) and deferred tax of SEK 5.1 million (3.3).

CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities has increased from SEK -17.9 million last year to SEK 32.1 million this year. The difference between the years is mainly due to the fact that the result for the year is higher, but also changes in working capital.

During the previous year, large IT investments were made, primarily in the core system, and as Finland has now implemented the system, these investments have decreased. This is the main reason why investments in fixed assets were lower during the first quarter of the year compared with the corresponding period last year.

During the first quarter of the previous year, a shareholder contribution was received, which mainly explains the difference in cash flow from financing activities. In other respects, the changes mainly consist of the leasing liability in accordance with IFRS 16.

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 2.25x (2.25x for March 2021, 2.00x for December 2021).

INTEREST COVERAGE RATIO (SEK million)	31 MAR 2022	31 MAR 2021	31 DEC 2021
Adjusted EBITDA on rolling twelve months	99.4	116.0	84.0
Adjusted Net Finance charges on rolling twelve months	32.8	38.1	32.8
Interest Coverage Ratio	3.03x	3.05x	2.56x

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 4.00x (5.00x for 31 March 2021 and 5.50x for 31 December 2021). Net interest-bearing debt does not include debt relating to obligations to pay future leasing fees according to IFRS 16.

NET INTEREST BEARING DEBT TO EBITDA (SEK million)	31 MAR 2022	31 MAR 2021	31 DEC 2021
Net interest-bearing debt	337.7	394.0	370.7
Adjusted EBITDA on rolling twelve months	99.4	116.0	84.0
Net interest-bearing debt to EBITDA	3.40x	3.40x	4.41x

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 127.6 million per 31 March 2022 (SEK 99.1 million per 31 December 2021 and SEK 186.4 million per 31 March 2021).

PUBLICATION OF FINANCIAL INFORMATION

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

The interim report for the second quarter 2022 will preliminary be published on 30 August 2022.

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 April 29, 2022

Ewa Glennow
Chairman of the Board

Per Örtlund
Board Member

Klaus Reimer
Board Member, Chief Executive Officer

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

CONTACT DETAILS

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GROUP FINANCIAL STATEMENTS**GROUP INCOME STATEMENT**

INCOME STATEMENT (SEK million)	Note	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Net sales	4	185.7	173.5	701.3
Production cost		-128.7	-130.0	-503.9
Gross result		57.0	43.5	197.4
Administrative expenses		-41.7	-42.0	-163.1
Operating result		15.3	1.5	34.4
Financial net		-18.0	-18.3	-64.3
- <i>whereof Secured Bonds</i>		-9.8	-11.7	-42.9
- <i>whereof Shareholder loans</i>		-3.2	-3.0	-12.5
- <i>whereof other</i>		-5.0	-3.6	-8.9
Result before tax		-2.7	-16.8	-29.9
Tax		0.5	3.3	-9.2
Net result		-2.2	-13.5	-39.1

GROUP STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Net Result	-2.2	-13.5	-39.1
Items that can be reclassified into profit and loss			
Currency translation differences	6.7	9.7	10.3
Items that cannot be reclassified into profit and loss			
Re-evaluation of pensions liability	3.9	6.8	6.3
Tax effect re-evaluation of pension liability	-0.8	-1.4	-1.3
Total other comprehensive income	9.8	15.1	15.1
Comprehensive income for the period	7.6	1.6	-23.8

GROUP BALANCE SHEET

BALANCE SHEET (SEK million)	31 MAR 2022	31 MAR 2021	31 DEC 2021
Assets			
<i>Non-current assets</i>			
Goodwill	302.4	302.4	302.4
Other intangible assets	334.2	356.9	340.1
Property, plant and equipment	1.4	2.9	1.8
Right-of-use assets	90.1	96.8	88.3
Other long-term receivables	5.1	5.1	4.7
Deferred tax assets	14.8	20.9	12.1
Sum of Non-current assets	748.0	785.0	749.4
<i>Current assets</i>			
Accounts Receivable	53.6	60.4	65.2
Prepaid expenses & Accrued revenues	50.1	45.0	61.1
Other receivables	87.5	97.0	99.0
Cash & bank	127.6	186.4	99.1
Sum of Current assets	318.8	388.8	324.4
Sum of Total Assets	1 066.8	1 173.8	1 073.8
Equity	69.7	87.5	62.1
Liabilities			
<i>Non-current liabilities</i>			
Provisions for pensions	25.3	30.4	29.8
Long-term interest-bearing liabilities	-	545.5	-
Subordinated liabilities	168.0	155.2	164.7
Long-term lease liabilities	85.9	91.1	84.2
Deferred tax liabilities	45.6	53.0	46.7
Sum of Non-current liabilities	324.8	875.2	325.4
<i>Current liabilities</i>			
Short-term interest-bearing liabilities	438.0	-	436.2
Current lease liabilities	13.5	12.2	12.7
Accounts Payable	67.6	46.5	75.6
Current tax liabilities	3.2	-	3.9
Accrued expenses & Deferred revenues	51.3	58.2	50.7
Other liabilities	98.7	94.2	107.2
Sum of Current liabilities	672.3	211.1	686.3
Total liabilities	997.1	1 086.3	1 011.7
Sum of Total Liabilities & Equity	1066.8	1 173.8	1 073.8

GROUP STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY (SEK million)	31 MAR 2022	31 MAR 2021	31 DEC 2021
Equity at the beginning of the period	62.1	60.9	60.9
Comprehensive income for the period	7.6	1.6	-23.8
Shareholder contribution	-	25.0	25.0
Equity at the end of the period	69.7	87.5	62.1

GROUP CASH FLOW STATEMENT

CASH FLOW (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Operating activities			
Result before tax	-2.7	-16.8	-29.9
Adjustments – items not included in the cash flow	19.2	21.7	67.4
-whereof depreciation and impairment of assets	16.7	14.5	65.7
-capitalized and accrued interest	3.2	3.9	-0.7
-re-evaluation of net pension liabilities	-0.6	0.1	-1.5
-other	-	3.2	3.9
Taxes paid	-5.6	-8.0	-5.3
Cash flow from operating activities before change in working capital	10.9	-3.1	32.3
Other operating assets (incr- / decr+)	36.0	-2.5	-34.2
Other operating liabilities (incr- / decr+)	-14.8	-12.3	21.5
Cash flow from operating activities	32.1	-17.9	19.5
Investing activities			
Acquisition of intangible assets	-3.5	-22.0	-44.9
Acquisition of tangible assets	-6.1	-0.3	-3.9
Change in financial assets	-0.4	-	0.3
Cash flow from investing activities	-10.0	-22.3	-48.5
Financing activities			
Shareholder contribution	-	25.0	25.0
Other borrowings	1.0	0.3	16.7
Repayment of other loans	4.4	-3.1	-118.7
Cash flow from Financing activities	5.4	22.2	-77.0
Cash flow for the period	27.4	-18.0	-106.0
Cash and cash equivalents at the beginning of the period	99.1	200.9	200.9
Exchange rate differences	1.1	3.5	4.2
Cash and cash equivalents at the end of the period	127.6	186.4	99.1

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

INCOME STATEMENT (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Net sales	16.2	17.8	68.9
Production cost	-	-	-
Gross result	16.2	17.8	68.9
Administrative expenses	-13.1	-15.6	-57.7
Depreciation	-3.7	-2.1	-14.9
Operating result	-0.6	0.1	-3.7
Financial net	-17.0	-16.5	-54.4
- whereof Secured bonds	-7.6	-11.7	-41.4
- whereof Shareholder loans	-3.2	-3.0	-12.5
- whereof Dividends	-	-	5.5
Result before tax	-17.6	-16.4	-58.1
Appropriations	-	-	11.1
Tax	3.6	3.4	-4.6
Net result	-14.0	-13.0	-51.6

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Net Result	-14.0	-13.0	-51.6
Comprehensive income for the period	-13.0	-13.0	-51.6

For the parent company, the first quarter resulted in a net result of SEK -14.0 million, which can be compared with SEK -13 million for the same quarter in 2021. The parent company does not conduct its own operations, the income consists mainly of dividends and any group contributions. Depending on when the dividends are determined, the result can vary from quarter to quarter.

PARENT COMPANY BALANCE SHEET

BALANCE SHEET (SEK million)	31 MAR 2022	31 MAR 2021	31 DEC 2021
Assets			
<i>Non-current assets</i>			
Intangible assets	122.8	114.7	123.1
Shares in subsidiaries	684.1	684.1	684.1
Deferred tax assets	10.0	14.4	6.4
Sum of Non-current assets	816.9	813.2	813.6
<i>Current assets</i>			
Prepaid expenses & Accrued revenues	0.1	4.9	0.2
Other receivables	152.6	127.8	161.4
Cash & bank	6.4	111.9	3.7
Sum of Current assets	159.1	244.6	165.3
Sum of Total Assets	976.0	1 057.8	978.9
Equity	28.6	81.2	42.6
Liabilities			
<i>Non-current liabilities</i>			
Long-term interest-bearing liabilities	-	545.5	-
Subordinated liabilities	293.7	241.2	289.8
Sum of Non-current liabilities	293.7	786.7	289.8
<i>Current liabilities</i>			
Short-term interest-bearing liabilities	438.0	-	436.2
Accounts Payable	20.1	19.5	29.5
Accrued expenses & deferred revenues	19.6	12.1	15.6
Other liabilities	176.0	158.3	165.2
Sum of Current liabilities	189.9	189.9	194.7
Total liabilities	947.4	976.6	646.5
Sum of Total Liabilities & Equity	976.0	1 057.8	978.9

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY (SEK million)	31 MAR 2022	31 MAR 2021	31 DEC 2021
Equity at the beginning of the period	42.6	69.2	69.2
Comprehensive income for the period	-14.0	-13.0	-51.6
Shareholder contribution	-	25.0	25.0
Equity at the end of the period	28.6	81.2	42.6

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 are 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 the Nordic countries.

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 Zostera 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 2021.

NOTE 3 RISKS

The group annual report describes the risks per 31 December 2021 and contains sensitivity analyses. It is the view of the group that the risks have not changed in any material way during 2022.

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

NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Sweden	114.1	106.5	439.0
Norway	19.1	25.1	89.2
Finland	37.7	26.2	114.4
Denmark	14.9	15.7	58.7
Total Net Sales from external clients by region	185.7	173.5	701.3

NET SALES DIVIDED BY SERVICE (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Debt Collection	122.4	120.4	466.9
Payment- and message services	50.8	36.7	175.9
Accounts Receivable	2.8	3.8	13.1
Credit Decision	9.7	12.6	45.4
Total Net Sales from external clients by region	185.7	173.5	701.3

All revenue is recognized at a specific point in time.

OPERATING RESULT (SEK million)	JANUARY – MARCH 2022	JANUARY – MARCH 2021	JANUARY – DECEMBER 2021
Sweden	3.4	-0.9	14.3
Norway	0.0	2.1	21.1
Finland	15.2	2.8	17.4
Denmark	4.1	4.1	12.7
Group items and eliminations	-7.4	-6.6	-31.1
Operating result	15.3	1.5	34.4
Financial net	-18.0	-18.3	-64.3
Tax	0.5	3.3	-9.2
Net Result	-2.2	-13.5	-39.1

NOTE 5 RELATED PARTY TRANSACTIONS

Legres AB (publ) has received Shareholder Loan from Legres Holding AB which as of the balance sheet date amounts to SEK 168.0 (155.2) 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.

NOTE 6 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

Classification (SEK million)	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
2022-03-31				
Financial assets				
Other long-term receivables		5.1		5.1
Accounts Receivable		53.6		53.6
Other receivables		87.5		87.5
Prepaid expenses & accrued revenues		50.1		50.1
Cash & bank		127.6		127.6
Total		323.9		323.9
Financial liabilities				
Short-term interest-bearing liabilities		438.0		438.0
Subordinated debt		168.0		168.0
Lease liabilities		99.4		99.4
Accounts Payable		67.6		67.6
Other current liabilities		98.7		98.7
Accrued expenses & deferred revenues		51.3		51.3
Total		953.0		953.0
2021-03-31				
Financial assets				
Other long-term receivables		5.1		5.1
Accounts Receivable		60.4		60.4
Other receivables		97.0		97.0
Prepaid expenses & accrued revenues		45.0		45.0
Cash & bank		186.4		186.4
Total		393.9		393.9
Financial liabilities				
Long-term interest-bearing liabilities		545.5		545.5
Subordinated debt		152.2		152.2
Lease liabilities		103.3		103.3
Accounts Payable		46.5		46.5
Other current liabilities		94.2		94.2
Accrued expenses & deferred revenues		61.2		61.2
Total		1 002.9		1 002.9

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

"**Adjusted EBITDA**" means EBITDA excluding Non-recurring items and effects caused by IFRS 16. 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.