

# **INTERIM REPORT**

**January – March 2023**

**Legres AB (publ)**

**559085-4773**

**Published May 8, 2023**

## INTERIM REPORT JANUARY – MARCH 2023

### JANUARY – MARCH 2023

- Net sales amounted to SEK 176.3 million (185.7)
- Operating result amounted to SEK 16.2 million (15.3)
- Net result amounted to SEK -1.0 million (-2.2)
- Comprehensive income amounted to SEK -5.7 million (7.6)
- Cash flow from operating activities amounted to SEK 12.9 million (32.1)

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- In January 2023, the secured bond loan has been amortized with SEK 12.5 million.

KEY FIGURES (SEK million)	JANUARY – MARCH 2023	JANUARY – MARCH 2022	JANUARY – DECEMBER 2022
Net sales	176.3	185.7	701.5
EBITDA	31.0	32.0	99.6
Adjusted EBITDA	26.1	26.6	80.6
Operating result	16.2	15.3	40.1
Net result	-1.0	-2.2	-39.4
Cash flow from operating activities	12.9	32.1	53.1
Interest coverage ratio	2.55x	3.03x	2.78x
Net interest-bearing debt to EBITDA	3.45x	3.40x	3.49x
Cash and cash equivalents	92.5	127.6	101.8

*See page 15 for definitions of key figures*

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

In April 2023, the secured bond loan was amortized with additional SEK 12.5 million.

The secured bond loan matures on July 9, 2023. The company is reviewing several different financing solutions to be able to repay the existing bond. Despite uncertainty in the outside world and on the market, the company considers the conditions for a successful refinancing of existing bonds to be good.

Otherwise, no significant events have occurred after the balance sheet date.

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

Legres AB (publ) is the parent company of the Sergel companies in the Nordic region, Sergel Kreditjänster AB in Sweden, Sergel Oy in Finland, Sergel Norge AS in Norway and Sergel A/S in Denmark. These were acquired by Zostera AB in June 2017 from Telia Company. The average number of employees during 2023 in the Sergel companies was 308 (310). The Sergel companies market services within credit scoring, account receivables, debt collection and payment- and message services (Connect).

## CEO's comments

The Sergel Group starts the year strongly, despite a challenging environment with rising interest rates and increasing inflation, which makes the financial life difficult for both companies and private individuals. We see how corporate bankruptcies are increasing and more and more private individuals are struggling with their personal finances. It is in this environment that Sergel Group's business model shows strength and our motto "we care" is put to the test. The quarter's operating profit is driven by an increased number of cases from both existing and new customers and increases to SEK 16.2m (15.3). The good financial development is also a result of our focused work to make the organization more efficient. New ways of working with more automated processes and our new self-service website have led to lower personnel, consulting and IT costs. We also have lower rental costs in Sweden after a settlement with the landlord.

Our focus area "effortless experience" makes it easier for both customers and end customers to interact with us, which makes it easier for end customers to manage their debts and settle their personal finances. An important part of this work is that every contact with us must be successful. The goal is to solve both the customers' and the end customers' issues already at the first contact with us. These improvements, along with an ever-evolving organization and an increased focus on training, business efficiency further improves the customer satisfaction. The economic situation in the Nordics has certainly led to a greater inflow of debt collection cases, but at the same time the payment rate is lower than before and the payment plans often run for a longer period of time.

We see how our Nordic organization is a strength in a volatile environment where our different markets complement each other and spread risk. During the first quarter, we have a strong development and growth in Denmark and Norway in particular. Denmark has performed well throughout 2022 and also in the first quarter of 2023. In Norway, which had a weaker development in 2022, we see a long-term and positive trend shift in business operations. Both turnover and profit are increasing in both countries as a result of a large number of new cases and a number of new customer agreements that have been signed during the quarter. The success is very pleasing and of great importance as a positive trend shift creates the conditions for strong development going forward. We also have good and stable development in Sweden and Finland, with continued strong demand for the countries' services and products.

Despite a challenging global situation, the development among our services is stable. We have increased in debt collection while our Connect business, which decreased slightly during the quarter, has been strengthened by signing several new agreements, this will benefit us in the coming quarters. Accounts receivable services and credit decisions also have a stable development during the quarter.

I see that many of the improvement and development measures that we continuously carry out in, among other things, the area of automation and our way of working have direct positive effects on our business. This together with dedicated employees who live our values and a strong flow of new customers makes me optimistic about the future.

/Klaus Reimer

## **INCOME AND EARNINGS**

The group's net sales during the first quarter amounted to SEK 176.3 million (185.7). All countries have a very positive underlying development. Both Norway and Denmark have performed strongly during the quarter, which is due to Denmark continuing the positive development from 2022, and in Norway we see a very positive development in case volumes from the largest customers. In Sweden, the decline is due to revenues from the Connect business area, where the main reason is lower volumes from one large customer compared to the same period last year. However, the trend development in this business area is very positive, with a strong acquisition of new customers during the quarter, which means that the assessment is that the business area has a stable development seen to the full year 2023. In Finland, the decline in turnover is explained by a large settlement with a customer in 2022. Adjusted for this, the development is also positive in Finland.

Operating profit for the first quarter amounted to SEK 16.2 million (15.3). Adjusted for the settlement in Finland during Q1 2022 (mentioned above), the development is very good. This is primarily dependent on the improved revenue and profit development in Norway and Denmark, but also the general focus on personnel, consultant and IT costs, where we see continued declines in costs. In Sweden, an agreement has also been reached with the landlord regarding a reduction in the rent, resulting in a positive effect in the quarter of approximately SEK 5 million. The settlement covers 12 months until 30 June 2023.

## **FINANCIAL NET**

The group's financial net during the first quarter amounted to SEK -17.2 million (-18.0), of which financial costs for the bond financing constitute SEK -11.7 million (-9.8) and for shareholder loans SEK -3.7 million (-3.2).

The interest on the bond is variable with a base of three months STIBOR plus a margin of 7.00% per annum from April 2021 (originally 6%). Coupon is paid quarterly. The bond matures on July 9, 2023. The subordinated bond carries an interest rate of 9.00%. The interest on the shareholder loan amounts to 8.00% per year. The interest on the shareholder loan and the subordinated bond must be paid at the earliest on the day following full redemption of the bond.

## **TAX**

The group's tax expense during the first quarter amounted to SEK 0.0 million (0.5) and consists of current tax of SEK -3.5 million (-4.6) and deferred tax of SEK 3.5 million (5.1).

## **CASH FLOW AND FINANCIAL POSITION**

The cash flow from current operations has decreased from SEK 32.1 million the previous year to SEK 12.9 million this year, which is mainly due to a negative development in changes in working capital, largely driven by the fact that the settlement in Finland (mentioned above) was invoiced and paid in the period.

The cash flow from financing activities has decreased as a result of an amortization of the bond that was made in January 2023.

The secured bond matures on 9 July 2023 and the company is reviewing various financing solutions.

## OTHER FINANCIAL INDICATORS

**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 (2.25x for March 2022, 2.50x for December 2022).

<b>INTEREST COVERAGE RATIO (SEK million)</b>	<b>31 MAR 2023</b>	<b>31 MAR 2022</b>	<b>31 DEC 2022</b>
Adjusted EBITDA on rolling twelve months	80.4	99.4	80.6
Adjusted Net Finance charges on rolling twelve months	31.6	32.8	29.0
<b>Interest Coverage Ratio</b>	<b>2.55x</b>	<b>3.03x</b>	<b>2.78x</b>

**Interest-bearing net debt against EBITDA** is included in the maintenance test according to the terms of the bond and is reported quarterly.

Interest-bearing net debt to EBITDA must not exceed 3.50x (4.00x for March 31, 2022 and 3.50x for December 31 2022). Interest-bearing net debt does not include debt regarding the commitment to pay future leasing fees according to IFRS 16, in accordance with the bond terms.

<b>NET INTEREST BEARING DEBT TO EBITDA (SEK million)</b>	<b>31 MAR 2023</b>	<b>31 MAR 2022</b>	<b>31 DEC 2022</b>
Net interest-bearing debt	277.9	337.7	280.9
Adjusted EBITDA on rolling twelve months	80.4	99.4	80.6
<b>Net interest-bearing debt to EBITDA</b>	<b>3.45x</b>	<b>3.40x</b>	<b>3.49x</b>

*\*The pension debt is not included in the calculation of interest-bearing net debt from 30 June 2022 due to changed bond terms.*

**Cash and cash equivalents** are included in the maintenance test according to the terms of the Bond and are reported quarterly. Liquid assets must amount to at least SEK 20.0 million. Cash and cash equivalents amount to SEK 92.5 million as of March 31, 2023 (SEK 127.6 million on March 31, 2022 and 101.8 on December 31, 2022).

## **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 second quarter 2023 will preliminary be published on 30 August 2023.

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 May 8, 2023

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**

<b>INCOME STATEMENT (SEK million)</b>	<b>Note</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
Net sales	4	176.3	185.7	701.5
Production cost*		-127.2	-133.2	-515.4
<b>Gross result</b>		<b>49.1</b>	<b>52.5</b>	<b>186.1</b>
Administrative expenses*		-32.9	-37.2	-146.0
<b>Operating result</b>		<b>16.2</b>	<b>15.3</b>	<b>40.1</b>
Financial net		-17.2	-18.0	-74.6
- whereof Secured Bonds		-11.7	-9.8	-39.3
- whereof Shareholder loans		-3.7	-3.2	-13.9
- whereof other		-1.8	-5.0	-21.4
<b>Result before tax</b>		<b>-1.0</b>	<b>-2.7</b>	<b>-34.5</b>
Tax		-0.0	0.5	-4.9
<b>Net result</b>		<b>-1.0</b>	<b>-2.2</b>	<b>-39.4</b>

\*New classification between production costs and administrative costs has been made to obtain a more accurate classification. The comparison figures are adjusted.

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
<b>Net Result</b>	<b>-1.0</b>	<b>-2.2</b>	<b>-39.4</b>
<b>Items that can be reclassified into profit and loss</b>			
Currency translation differences	-4.1	6.7	18.2
<b>Items that cannot be reclassified into profit and loss</b>			
Re-evaluation of pensions liability	-0.8	3.9	19.5
Tax effect re-evaluation of pension liability	0.2	-0.8	-4.1
<b>Total other comprehensive income</b>	<b>-4.7</b>	<b>9.8</b>	<b>33.6</b>
<b>Comprehensive income for the period</b>	<b>-5.7</b>	<b>7.6</b>	<b>-5.8</b>



**GROUP BALANCE SHEET**

<b>BALANCE SHEET</b> <b>(SEK million)</b>	<b>31 MAR 2023</b>	<b>31 MAR 2022</b>	<b>31 DEC 2022</b>
<b>Assets</b>			
<i>Non-current assets</i>			
Goodwill	302.4	302.4	302.4
Other intangible assets	312.6	334.2	319.3
Property, plant and equipment	1.0	1.4	1.2
Right-of-use assets	85.3	90.1	77.7
Other long-term receivables	10.6	5.1	10.9
Deferred tax assets	11.9	14.8	9.2
<b>Sum of Non-current assets</b>	<b>723.8</b>	<b>748.0</b>	<b>720.7</b>
<i>Current assets</i>			
Accounts Receivable	54.6	53.6	54.1
Prepaid expenses & Accrued revenues	61.0	50.1	63.2
Other receivables	81.6	87.5	86.9
Cash & bank	92.5	127.6	101.8
<b>Sum of Current assets</b>	<b>289.7</b>	<b>318.8</b>	<b>306.0</b>
<b>Sum of Total Assets</b>	<b>1 013.5</b>	<b>1 066.8</b>	<b>1 026.7</b>
<b>Equity</b>	<b>50.6</b>	<b>69.7</b>	<b>56.3</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Provisions for pensions	6.3	25.3	7.1
Subordinated shareholder loan	178.1	168.0	178.1
Long-term lease liabilities	86.4	85.9	77.6
Deferred tax liabilities	38.6	45.6	39.9
<b>Sum of Non-current liabilities</b>	<b>309.4</b>	<b>324.8</b>	<b>302.7</b>
<i>Current liabilities</i>			
Subordinated bond	40.0	-	40.0
Secured bond	374.1	438.0	384.9
Current lease liabilities	10.3	13.5	11.3
Accounts Payable	74.9	67.6	73.8
Current tax liabilities	6.2	3.2	3.5
Accrued expenses & Deferred revenues	51.5	51.3	54.4
Other liabilities	96.5	98.7	99.8
<b>Sum of Current liabilities</b>	<b>653.5</b>	<b>672.3</b>	<b>667.7</b>
<b>Total liabilities</b>	<b>962.9</b>	<b>997.1</b>	<b>970.4</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>1 013.5</b>	<b>1 066.8</b>	<b>1 026.7</b>

**GROUP STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	<b>31 MAR 2023</b>	<b>31 MAR 2022</b>	<b>31 DEC 2022</b>
<b>Equity at the beginning of the period</b>	<b>56.3</b>	<b>62.1</b>	<b>62.1</b>
Comprehensive income for the period	-5.7	7.6	-5.8
Shareholder contribution	-	-	-
<b>Equity at the end of the period</b>	<b>50.6</b>	<b>69.7</b>	<b>56.3</b>

**GROUP CASH FLOW STATEMENT**

<b>CASH FLOW (SEK million)</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
<b><i>Operating activities</i></b>			
Result before tax	-1,0	-2.7	-34.5
Adjustments – items not included in the cash flow	19.1	19.2	82.4
-whereof depreciation and impairment of assets	14.7	16.7	59.5
-capitalized and accrued interest	5.9	3.2	19.4
-re-evaluation of net pension liabilities	-1.5	-0.6	-1.4
-other	-	-	4.9
Taxes paid	-0.7	-5.6	-12.0
<b><i>Cash flow from operating activities before change in working capital</i></b>	<b>17.4</b>	<b>10.9</b>	<b>35.8</b>
Other operating assets (incr- / decr+)	4.0	36.0	22.8
Other operating liabilities (incr- / decr+)	-8.5	-14.8	-5.5
<b><i>Cash flow from operating activities</i></b>	<b>12.9</b>	<b>32.1</b>	<b>53.1</b>
<b><i>Investing activities</i></b>			
Acquisition of intangible assets	-5.7	-3.5	-17.7
Acquisition of tangible assets	-	-6.1	-0.5
Change in financial assets	0.3	-0.4	-6.0
<b><i>Cash flow from investing activities</i></b>	<b>-5.4</b>	<b>-10.0</b>	<b>-24.2</b>
<b><i>Financing activities</i></b>			
Amortization lease debt	-3.4	1.0	-14.1
Amortization of other loans	-12.7	4.4	-15.1
<b><i>Cash flow from Financing activities</i></b>	<b>-16.1</b>	<b>5.4</b>	<b>-29.2</b>
<b>Cash flow for the period</b>	<b>-8.6</b>	<b>27.4</b>	<b>-0.3</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>101.8</b>	<b>99.1</b>	<b>99.1</b>
Exchange rate differences	-0.7	1.1	3.0
<b>Cash and cash equivalents at the end of the period</b>	<b>92.5</b>	<b>127.6</b>	<b>101.8</b>

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

<b>INCOME STATEMENT (SEK million)</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
Net sales	22.0	16.2	67.2
<b>Gross result</b>	<b>22.0</b>	<b>16.2</b>	<b>67.2</b>
Administrative expenses	-15.8	-13.1	-55.0
Depreciation	-6.0	-3.7	-14.9
<b>Operating result</b>	<b>0.2</b>	<b>-0.6</b>	<b>-2.7</b>
Financial net	-17.1	-17.0	23.4
- whereof Secured bonds	-11.7	-9.8	-39.3
- whereof Shareholder loans	-3.7	-3.2	-13.9
- whereof Dividends	-	-	95.0
- whereof Other	-1.7	-4.0	-18.4
<b>Result before tax</b>	<b>-16.9</b>	<b>-17.6</b>	<b>20.7</b>
Appropriations	-	-	5.5
Tax	3.5	3.6	1.7
<b>Net result</b>	<b>-13.4</b>	<b>-14.0</b>	<b>27.9</b>

For the parent company, the first quarter resulted in a net result of SEK -13.4.0 million, which can be compared with SEK -14.0 million for the same quarter in 2022. 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**

<b>BALANCE SHEET</b> <b>(SEK million)</b>	<b>31 MAR 2023</b>	<b>31 MAR 2022</b>	<b>31 DEC 2022</b>
<b>Assets</b>			
<i>Non-current assets</i>			
Intangible assets	123.2	122.8	124.8
Shares in subsidiaries	684.1	684.1	684.1
Deferred tax assets	11.5	10.0	8.0
<b>Sum of Non-current assets</b>	<b>818.8</b>	<b>816.9</b>	<b>816.9</b>
<i>Current assets</i>			
Prepaid expenses & Accrued revenues	0.1	0.1	0.3
Receivables from group companies	12.7	152.6	198.8
Other receivables	1.0	0.0	1.4
Cash & bank	7.4	6.4	12.1
<b>Sum of Current assets</b>	<b>21.2</b>	<b>159.1</b>	<b>212.6</b>
<b>Sum of Total Assets</b>	<b>840.0</b>	<b>976.0</b>	<b>1 029.5</b>
<b>Equity</b>	<b>57.0</b>	<b>28.6</b>	<b>70.5</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Subordinated shareholder loan	178.1	168.0	178.1
Loan Group Companies	101.8	129.0	146.2
<b>Sum of Non-current liabilities</b>	<b>279.9</b>	<b>297.0</b>	<b>324.3</b>
<i>Current liabilities</i>			
Subordinated bond	40.0	0.0	40.0
Secured bond	374.1	438.0	384.9
Other liabilities from group companies	54.9	188.6	179.6
Accounts payable group companies	10.5	11.8	10.5
Accounts payable	12.5	8.2	9.5
Accrued expenses & deferred revenues	11.1	3.8	10.2
<b>Sum of Current liabilities</b>	<b>503.1</b>	<b>650.4</b>	<b>634.7</b>
<b>Total liabilities</b>	<b>783.0</b>	<b>947.4</b>	<b>959.0</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>840.0</b>	<b>976.0</b>	<b>1 029.5</b>

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	<b>31 MAR 2023</b>	<b>31 MAR 2022</b>	<b>31 DEC 2022</b>
Equity at the beginning of the period	70,5	42,6	42,6
Comprehensive income for the period	-13,4	-14,0	27,9
Shareholder contribution	-	-	-
<b>Equity at the end of the period</b>	<b>57,0</b>	<b>28,6</b>	<b>70,5</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 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 and in accordance with ch. 9. The Annual Accounts Act (ÅRL) 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 reports all assets and liabilities at amortized cost.

The group applies the same accounting principles as in the annual report for 2022.

## **NOTE 3 RISKS**

The group annual report describes the risks per 31 December 2022 and contains sensitivity analyses. It is the view of the group that the risks have not changed in any material way during 2023.

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

<b>NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
Sweden	107.7	114.1	436.5
Norway	24.4	19.1	83.7
Finland	26.9	37.7	118.0
Denmark	17.3	14.9	63.3
<b>Total Net Sales from external clients by region</b>	<b>176.3</b>	<b>185.7</b>	<b>701.5</b>

<b>NET SALES DIVIDED BY SERVICE (SEK million)</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
Debt Collection	118.6	122.4	467.0
Payment- and message services	44.4	50.8	182.1
Accounts Receivable	4.8	2.8	11.5
Credit Decision	8.5	9.7	40.8
<b>Total Net Sales</b>	<b>176.3</b>	<b>185.7</b>	<b>701.5</b>

All revenue is recognized at a specific point in time.

<b>OPERATING RESULT (SEK million)</b>	<b>JANUARY – MARCH 2023</b>	<b>JANUARY – MARCH 2022</b>	<b>JANUARY – DECEMBER 2022</b>
Sweden	7.0	3.4	10.4
Norway	5.6	0.0	13.7
Finland	1.3	15.2	21.1
Denmark	5.6	4.1	18.3
Group items and eliminations	-3.3	-7.4	-23.4
<b>Operating result</b>	<b>16.2</b>	<b>15.3</b>	<b>40.1</b>
Financial net	-17.2	-18.0	-74.6
Tax	-0.0	0.5	-4.9
<b>Net Result</b>	<b>-1.0</b>	<b>-2.2</b>	<b>-39.4</b>

**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 178,1 (168,0) 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.

## 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.

"**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.

"**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. Shareholder loans, subordinated bonds and lease liabilities are excluded. The indicator is disclosed as it is part of the calculation of the financial covenants of the issued bond. From the second quarter of 2022, the pension liability is not included, in accordance with adjusted bond terms.

"**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.