ANNUAL REPORT
AND
CONSOLIDATED FINANCIAL STATEMENTS
2016-10-06–2017-12-31
for Legres AB (publ)
559085-4773

THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS INCLUDE:

CERTIFICATION OF ANNUAL REPORT

The undersigned Board member hereby certifies that this copy of the annual report and consolidated financial statements is consistent with the original, and that the income statement and balance sheet for the Parent Company and the consolidated income statement and consolidated balance sheet were adopted by the Annual General Meeting on the 2 may. The AGM resolved to approve the Board's proposal regarding the appropriation of profit.

Stockholm

Name

This English Annual Report is a translation of the Swedish Annual Report for 2017. If any discrepancies exist in the translation, the Swedish language and figures shall prevail. The translated English Annual Report has not been audited by the company's auditors.

Directors' report

The Board and Managing Director of Legres AB (publ) hereby issues the annual report and consolidated accounts for fiscal year 2016-10-06 – 2017-12-31.

Nature and focus of business

The registered office of Legres AB (publ) (559085-4773) is in Stockholm and the company was established in October 2016. The company owns the following subsidiaries: Sergel Kredittjänster AB, Sergel Oy (Finland), Sergel Norge AS and Sergel A/S (Denmark). Legres AB (Publ) is a fully owned subsidiary of Legres Holding AB (559093-6596), which is in turn fully owned by Marginalen Group AB (556587-0242).

The business concept of Legres AB (publ) ('Legres') and its subsidiaries is to offer high-quality credit management services to transaction-intensive companies in the Nordic region. Services include mainly debt collection and clearing services. By offering these services, the Group gives its customers the opportunity to focus on their core business activities instead of devoting time and energy to dealing with unpaid invoices. The Group has three offices in Sweden, three in Finland, two in Norway and one in Denmark. As Legres AB (Publ) was formed in October 2016, the first financial year was prolonged until 31 December 2017.

Significant events during the financial year

On 30 June 2017, Legres acquired all the shares in the companies Sergel Kredittjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S ('the Sergel companies') from Telia Company. The current financial year is the first for the Parent Company and Group. Prior to the acquisition, the Parent Company was not conducting any operations. To finance the acquisition, a senior covered bond was issued at a nominal amount of SEK 490.0 million. At the same time, a subordinated shareholder loan was obtained totalling SEK 200.0 million. The bond was listed on Nasdaq Stockholm's corporate bond list on 28 August 2017. During the year, the Group has worked intensively to separate central functions such as IT, finance and payroll from the previous owner. Meanwhile, substantial investments have been made in infrastructure and processes to improve conditions for developing into a strong Nordic operator with a combined offering.

(SEK million)	2016/2017 (15 mths)
Net sales	363.2
Operating profit/loss	32.7
Profit/loss before tax	3.4
Balance sheet total	1,215.8
Equity/assets ratio[1)]	0.2%
Return on equity[2)]	0.0%
Return on total capital[3)]	0.1%
Average no. of employees	329

1)Adjusted equity/Balance sheet total. Adjusted equity pertains to shareholders' equity + untaxed reserves less deferred tax liabilities.
2)Profit/loss for the year/Average adjusted shareholders' equity.
3)(Profit/loss before tax + interest expenses)/Average balance sheet total.

Comments on operations, earnings and financial position

Revenue for the six months of July to December 2017, during which the Sergel companies were consolidated, amounted to 363,2 MSEK which is well in line with the expectations in the group. In Norway, the group managed to attract new customers such as Elkjøp and Komplett while also growing the existing business. Furthermore, Legres successfully rolled out the business concept in Sweden by signing Tele2 for a five year-agreement. Legres is also investing to grow and develop the business with the former owner Telia Company.

Profit after tax amounted to 0,0 MSEK. The result was negatively affected by transaction costs for the bond issue of 9,4 MSEK. Furthermore, one time-costs arose due to the separation from Telia Company for creation of new processes for IT, accounting and payroll. Expenses have also grown compared to last year due to a large increase in the number of actively pursued debt collection cases. The income from these cases is expected to benefit the next financial years.

As the group has chosen to finance the business activities mainly through bond issue and a subordinated shareholder loan, the equity/assets ratio of the group amounts to 0,2 %. The board and management expect that this will improve during the next years as income is expected to increase. Also, the board does not intend to propose any dividends during the next years, meaning that the full profits will be carried forward. The liquidity of Legres is more than satisfactory as the group possessed 297,7 MSEK per 2017-12-31. The cash flow from operating activities was positive (22,1 MSEK for 2016/2017). For these reasons, the group has not identified any liquidity-related obstacles to completing the planned investments for the next years.

Development of operations, financial position and earnings (Parent Company)

Legres AB (publ) will act as the Parent Company in the Group and therefore does not pursue its own operations.

The main income for the year comprised dividends from subsidiaries in the amount of SEK 51.5 million.

(SEK million)	2016/2017 (15 mths)
Net sales	3.5
Operating profit/loss	-1.5
Profit/loss before tax	22.2
Balance sheet total	733.9
Equity/assets ratio[1)]	4.0%
Return on equity[2)]	196.6%
Return on total capital[3)]	-0.1%
Average no. of employees	0

1)Adjusted equity/Balance sheet total.
2)Profit/loss for the year/Average adjusted shareholders' equity
3)(Profit/loss before tax + interest expenses)/Average balance sheet total.

Significant risks and uncertainties

In its business operations, Legres is exposed to various types of risks. The most material ones identified are credit risk, interest rate risk, currency risk, liquidity risk, strategic risk and regulatory risk.

Credit risk is defined as the risk that the group suffers financial losses due to a client or counterpart not being able to fulfill their contractual obligations. Within the debt collection operations, credit risk is limited as payment for services rendered is obtained as a share of collected incoming payments from debtors. For clearing commissions and other types of income, credit periods are regularly granted for payment.

Interest rate risk is defined as the risk that fair values or future cash flows fluctuate as a result of changes to market interest rates. Since Legres has issued bonds at a variable rate to finance the business activities, the financial performance of the group is affected by development of the market rates.

Currency risk refers to the risk of fair values or cash flows fluctuating as a result of changes to foreign currency exchange rates. As Legres conducts business in NOK, DKK and EUR, apart from the functional currency SEK, there is mainly a translation risk exposure when the different operations are to be consolidated in SEK.

Liquidity risk is defined as the risk that the group is unable to fulfill it's payment obligations due to mismatches of incoming and outgoing cash flows, alternatively that adequate external sources of finance are unavailable to the group. As Legres finances its activities to a large extent with external capital, the group depends on the ability to refinance these loans in the future.

Strategic risk is the risk that the group is unable to achieve it's business targets. The reason for this can be incorrect business plans or changing market conditions.

Regulatory risk is defined as the risk that changes in the external regulatory environment that governs the group's business activities impair the possibilities to fulfill the business targets.

Please see note 4 for more information about financial risk exposure.

Employees

The average number of employees in 2017 was 329. All employees have individual goals based on the Group's overall strategic targets. These goals are continually followed up via employee surveys. Other information about personnel is provided in Note 12.

Environment and sustainability

The Group does not conduct any operations that require an operating permit. The Parent Company is not obliged to submit a sustainability report.

Anticipated future development

In 2018, the Group will continue to develop the synergies and economies of scale that exist between the companies in order to firmly establish its position as a Nordic operator with a combined offering. In order to achieve this, the Group has drawn up a significant investment plan that encompasses development of a new Group-wide debt collection system. This will pave the way for future growth.

Proposed distribution of earnings (SEK)

The following is at the disposal of the AGM:

Retained earnings	0
Profit/loss for the year	28,660,074
	28,660,074

The Board of Directors proposes that be carried forward	28,660,074
	28,660,074

With respect to the Parent Company and Group's earnings and position in general, please refer to the following income statements and balance sheets, statements of changes in equity, statements of cash flows and their accompanying notes. All amounts are expressed in SEK million unless otherwise stated.

Definitions

Non-recurring items refer to significant income items that are not included in the Group normal recurring activities and which are not expected to return regularly. Non-recurring items include separations and integration costs, extraordinary projects, divestments, costs for acquisitions and divestments and costs for moving to new office premises.

Transaction costs include all fees, costs, stamp, registration and other charges incurred in Legres AB (publ) or any other group company in connection with (i) the Bond Issue, (ii)The listing of Bonds, and (iii) the acquisition of Sergelbolagen.

Pro forma adjusted sales mean sales adjusted as if The acquisition of Sergel companies had been done twelve months before the last interim report.

Corporate Governance Report

General information on Legres' corporate governance

Legres AB (publ) ("Legres") is a public Swedish limited company with its registered office in Stockholm. Legres' corporate governance should ensure good risk and internal control, clear division of duties, a sound corporate culture, effective decision-making and good relationships with the Company's stakeholders, thus helping create long-term value for the Company's owners. At Legres, authorisation, management and control are shared between the shareholders, Board, CEO and management.

Applicable laws and regulations, the articles of association, internal policies and instructions form the basis of Legres' corporate governance. The Board hereby issues its corporate governance report for 2017.

Regulatory framework

External control documents consist mainly of the Companies Act, the Annual Accounts Act and other relevant laws. Other important internal control documents are the Articles of Association, the Board's Rules of Procedure and the Board's instructions for the CEO and reporting to the Board. There are also internal policies and guidelines that are set by the Board or by the Company that are revised annually. Legres is not subject to the Swedish Corporate Governance Code as the group does not have any shares listed in a regulated marketplace.

Owners and ownership structure

Legres is a wholly owned subsidiary of Legres Holding AB (559093-6596). Legres Holding AB is in turn wholly owned by Marginalen Group AB (556587-0242).

Annual General Meeting

The Annual General Meeting (AGM) is Legres' highest decision-making body, whereby Legres' shareholders are entitled to make decisions about Legres' affairs. The AGM appoints the Board of Directors and auditors and sets their remuneration, approves the income statement and balance sheet, decides on the appropriation of the Company's profits, grants discharge from liability to the Board and CEO, and resolves other matters as per the Articles of Association etc. The Company held an extraordinary general meeting on 28 April at the Company's offices at Adolf Fredriks kyrkogata 8 in Stockholm. At the meeting, it was decided that Legres AB is to be a public company.

The 2018 AGM will be held on 2 May 2018 at the Company's offices at Adolf Fredriks kyrkogata 8 in Stockholm.

The Board and its work

The Board is responsible for Legres' organisation and administration and for continuously assessing the Company's financial situation. The Board should also ensure that Legres' organisation is designed so that accounting, asset management and financial affairs are otherwise controlled satisfactorily. The Board should further determine mission statements and strategies, evaluate operational management and ensure that there are effective systems in place for monitoring and control. The Board should ensure that established principles for monitoring and internal control are complied with. The Board is also responsible for ensuring that the financial reporting complies with the Companies Act and applicable accounting standards. The Board shall establish written rules of procedure for its own work and shall revise and adopt them annually. According to the Articles of Association, the Board should consist of no fewer than three and no more than five members, and no more than three deputies. In 2017, the Board consisted of three members. Board members included Ewa Glennow (chair), Charlotte Strandberg (director) and Per Örtlund (director).

Evaluation of the Board's work

The Chairman of the Board is responsible for the evaluation of the Board's work and reporting to the owners. This is done annually and aims to give a picture of the directors' views on how the work is going and what changes could be adopted to streamline the work.

Directors' fees

Shareholders submit proposals for resolutions at the AGM regarding Board fees. At present, no fee is paid to the Board.

Auditor

The auditor is elected for a term of one year in accordance with the basic principle of the Companies Act. According to the Articles of Association Legres should have one or two auditors. An audit firm may be appointed as Legres' auditor. The external auditor is appointed by the AGM and reviews the administration of Legres by the Board and CEO. At the extraordinary general meeting held on 28 April 2017, Deloitte AB was appointed as auditor for the period up to and including the 2018 AGM. The Lead auditor is Authorized Public Accountant Kent Åkerlund.

CEO and management team

The Board appoints the CEO who is responsible for the ongoing management of Legres in accordance with the Board's instructions. The division of duties between the Board and CEO is specified in supplements to the Companies Act's rules in instructions that are determined by the Board each year. The CEO's duties include, but are not limited to, ongoing operation of the business, personnel, finance and accounting, and regular contact with Legers' stakeholders, such as government agencies. The CEO is responsible for ensuring that the Board receives the information required for decision-making. The CEO provides the Board with monthly reports on the Company's financial position, major events and other important information. The CEO has appointed a management team that runs daily operations. The management team holds regular meetings at which it makes decisions on and follows up operations, discusses organisational and personnel issues as well as current projects and other issues.

Management strategy and internal control

Legres's management strategy and control work are based on the division of duties between the Board and the CEO as laid out in the Board's Rules of Procedure and from the reporting requirements set by the Board. The Board and management group follow an annual cycle containing a structured process for strategic business planning and operational monitoring. All business activities are based on Legers' values, which are built on the keywords reliability, dedication and development. Business is conducted in the Company according to Legres's Code of Conduct.

Risk management is an integral part of planning, management and monitoring of operations. Business risks are evaluated through the Board's and management's strategy and planning work, which is based on managing risks on a regular basis in the operations in which they arise. Legres works with internal control whose aim is to ensure that operations are carried out in a safe, appropriate and efficient manner. The internal control of financial reporting aims to ensure reliable financial accounting and reporting as well as compliance with applicable laws and regulations. Legres has policies, instructions and procedures that determine the rules and responsibilities for specific areas as well as specifying mandates and authorisations. In addition to the policies established by the Board, there are various policies determined by the CEO, as well as instructions and procedures determined by the respective heads of operations. The documents are available to all employees. They are revised annually or when necessary to ensure that applicable laws, regulations etc. are complied with. The organisation is informed and trained continuously in policies, instructions and procedures. Overall, this internal regulatory framework adequately covers all relevant operational areas.

Consolidated income statement

(SEK million)	Note	2016-10-06 2017-12-31 (15 mths)
Revenue	5,6	363.2
Production costs		-267.5
Gross earnings		**95.7**
Operating expenses		
Administrative expenses		-53.5
Other operating expenses		-9.5
Operating profit/loss	7, 8, 9, 10, 11	**32.7**
Financial income	12	3.0
Financial expenses	13	-32.3
Profit/loss before tax		**3.4**
Tax on profit for the year	14	-3.4
PROFIT/LOSS FOR THE YEAR		**0.0**

Consolidated statement of comprehensive income

(SEK million)	Note	2016-10-06 2017-12-31 (15 mths)
Profit/loss for the year		**0.0**
Other comprehensive income		
Items that may be reclassified to profit/loss:		
Translation differences for the year		-0.8
Re-evaluation of pensions liabilities related to defined benefit plans		3.0
Total items that may be reclassified to profit/loss		**2.2**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**2.2**

Consolidated balance sheet

(SEK million)	Note	2017-12-31
ASSETS		
Non-current assets	16	
Goodwill		302.4
Other intangible assets		355.3
		657.7
Property, plant and equipment		
Equipment	17	3.6
		3.6
Non-current financial assets		
Other non-current receivables	18	5.8
		5.8
Deferred tax assets	14	27.7
Total non-current assets		**694.8**
Current assets		
Current receivables		
Trade receivables	19	76.8
Other receivables		103.0
Prepaid expenses and accrued income	20	43.5
Total current receivables		**158.5**
Cash and cash equivalents	21	**297.7**
Total current assets		**521.0**
TOTAL ASSETS		**1,215.8**
EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital		0.5
Other contributed capital		-0.8
Retained earnings including profit/loss for the year		3.0
Equity attributable to Parent Company shareholders		**2.7**
Total shareholders' equity		**2.7**
Non-current liabilities		
Other non-current liabilities	23	685.2
Provisions for pensions	24	166.0
Deferred tax liabilities	14	76.9
Total non-current liabilities		**928.1**
Current liabilities		
Customer prepayments		1.4
Trade payables		54.3
Current tax liabilities		46.9
Other current liabilities		93.1
Accrued expenses and deferred income	25	89.3
Total current liabilities		**285.0**
TOTAL EQUITY AND LIABILITIES		**1,215.8**

Consolidated statement of Changes in equity

(SEK million)	Share capital	Translation reserve	Retained earnings including profit/loss for the year	Total shareholders' equity attributable to Parent Company shareholders	Total shareholders' equity
Opening balance, 6 October 2016	-	-	-	-	-
Share capital paid	0.5	-	-	0.5	0.5
Total transactions with shareholders	**0.5**	**-**	**-**	**0.5**	**0.5**
Profit/loss for the year					0.0
Other comprehensive income:					
Translation differences for the year		-0.8	-	-0.8	-0.8
Revaluation of net pension commitments, after tax		-	3.0	3.0	3.0
Total other comprehensive income		**-0.8**	**3.0**	**2.2**	**2.2**
Total comprehensive income		**-0.8**	**3.0**	**2.2**	**2.2**
Closing balance, 31 December 2017	**0.5**	**-0.8**	**3.0**	**2.7**	**2.7**

Consolidated statement of cash flows

(SEK million)	Note	2016-10-06 2017-12-31 (15 mths)
Cash flow from operating activities		
Operating profit/loss		32.7
Adjustments for items not included in cash flow:		
Depreciation/amortisation		16.7
Interest received		1.7
Interest paid		-32.5
Income tax paid		-13.7
Cash flow from operating activities before changes in working capital		**4.9**
Changes in working capital		
Decrease(+)/increase(-) in other assets		-31.3
Decrease(-)/increase(+) in other liabilities		48.5
Cash flow from operating activities		**22.1**
Investing activities		
Acquisition of subsidiaries		-401.0
Investments in tangible assets		-2.6
Cash flow from investing activities		**-403.6**
Financing activities		
Paid share capital		0.5
New bond issue		490.0
Shareholder loans		200.0
Transaction costs		-9.5
Cash flow from financing activities		**681.0**
Cash flow for the year		**299.5**
Cash and cash equivalents at start of year		**0.0**
Exchange rate differences in cash and cash equivalents		**-1.8**
Cash and cash equivalents at year-end	21	**297.7**

Notes

NOTE 1 General information

Legres AB (publ), corp. ID 559085-4773, is a limited liability company registered in Sweden and headquartered in Stockholm. The address of the head office is Adolf Fredriks Kyrkogata 8, SE-111 37 Stockholm. The operations of the Company and its subsidiaries ("the Group") comprise debt collection and clearing services for transaction-intensive companies in the Nordic and Baltic regions. The composition of the Group is shown in the Parent Company's note 13 Investments in Group companies.

Legres AB (Publ) is wholly-owned by Legres Holding AB (559093-6596), which in turn is wholly-owned by Marginalen Group AB (556587-0242). Marginalen Group AB is therefore the highest consolidation level for financial reporting.

NOTE 2 Significant accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) The Group also applies the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups.

The significant accounting policies applied are described below.

New and amended standards and interpretations not yet effective

New and amended standards and interpretations that have been issued but are effective for annual periods beginning after 1 January 2018 have not yet been applied by the Group. New and amended standards and interpretations considered to have a material effect on the Group's financial reports in the period of initial application are described below.

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 contains new principles for hedge accounting and the classification and measurement of financial assets. Legres will apply IFRS 9 from 1 January 2018. According to the classification and measurement requirements of IFRS 9, financial assets are classified as and measured at amortised cost, fair value through profit or loss or fair value through other comprehensive income. The classification of financial instruments is determined on the basis of the business model for the instrument's portfolio and whether the cash flows are solely payments of principal and interest. In assessing the business model, Legres has analysed the purpose of the financial assets and previous sales trends. The conclusion from the analysis is that all financial assets are held in order to collect cash flows, which consist of payments of principal and interest. Consequently, all instruments will be measured at amortised cost, which does not differ from the present method of accounting.

IFRS 15 Revenue from Contracts with Customers introduces a new model for revenue recognition (five-step model) based on when control of a product or service passes to the customer. IFRS 15 replaces all previous revenue-related standards and interpretations. Legres will apply IFRS 15 from 1 January 2018. The Group is working on its implementation but has made the assessment that the standard has minimal effect on its financial reporting.

IFRS 16 Leases replace the existing IAS 17 Leases and its related interpretations. The standard is effective from 1 January 2019. IFRS 16 applies a control model for identifying a lease, which distinguishes between a lease and a service contract based on whether there is an identified asset controlled by the customer. The new standard dispenses with the classification of leases as operating or finance leases, which was required under IAS 17, and introduces a single lease accounting model instead.

Under the new model, all leases result in the lessee being given the right to use an asset at the start of the lease and, if payments are made over time, to also obtain financing.

The lessee shall report a) assets and liabilities for all leases with lease terms longer than 12 months unless the underlying asset has a low value; and b) depreciation of leased assets, separately from interest expenses on lease liabilities in the income statement. The new standard does not contain any significant changes to accounting requirements for lessors.

Management is currently analyzing the effects of the standard.

Basis of consolidation

The consolidated financial statements comprise the Parent Company Legres AB (Publ) and the companies over which it has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Control normally exists when the Parent Company directly or indirectly holds shares representing more than 50% of the votes.

Subsidiaries are included in the consolidated financial statements from the date of acquisition, when the Parent Company obtains control, until the date on which control ceases. The accounting policies for subsidiaries have been adjusted, where necessary, to ensure consistency with the Group's accounting policies. All intra-Group transactions, balances and unrealised gains or losses attributable to intra-Group transactions are eliminated in full when preparing the consolidated financial statements.

Transactions with non-controlling interests

Changes in the Parent Company's interest in a subsidiary that do not result in a loss of control are reported as equity transactions (i.e., owner transactions). Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and classified as attributable to owners of the Parent.

When the Parent Company loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between

i) the aggregate of the fair value of the consideration received and the fair value of any previously-held interest; and

ii) the previous carrying amounts of the subsidiary's assets (including goodwill) and liabilities and any non-controlling interest.

The fair value of the previously-held interest in the former subsidiary on the date on which control is lost is considered to be the fair value on initial recognition of a financial asset in accordance with IAS 39 Financial Instruments: Recognition and Measurement or, where applicable, the cost of acquisition on initial recognition of an investment in an associate or jointly controlled entity.

Business combinations

Business combinations are accounted for using the acquisition method.

The consideration for the acquisition is measured at the acquisition-date fair value, which is calculated as the aggregate of the acquisition-date fair values of assets given, liabilities accrued or assumed and equity instruments issued in exchange for control of the acquired business. Acquisition-related costs are recognised in the income statement as incurred.

The consideration also includes the acquisition-date fair value of assets or liabilities arising from a contingent consideration agreement. Changes in the fair value of the contingent consideration that are the result of additional information about facts and circumstances that existed at the acquisition date are accounted for as measurement period adjustments and are adjusted retrospectively, with a corresponding adjustment of goodwill. Contingent consideration that is classified as an equity instrument is not remeasured and the subsequent settlement is recognised in equity. All other contingent consideration fair value changes are recognised in profit or loss.

The identifiable assets acquired and liabilities assumed are recognised at their acquisition-date fair values, with the following exceptions:

Note 2, continued

- Deferred tax assets or liabilities and assets and liabilities arising from the acquired company's employee benefits arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits.
- Liabilities or equity instruments attributable to the acquired company's share-based payment awards or to the replacement of the acquired company's share-based payment awards with those of the acquirer are measured at the acquisition-date value in accordance with IFRS 2 Share-based Payment.
- Assets (or disposal groups) classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

For business combinations where the total of the purchase consideration transferred, any non-controlling interests and the acquisition-date fair value of the acquirer's previous equity interest in the acquiree exceeds the acquisition-date fair value of identifiable net assets, the difference is reported as goodwill in the consolidated balance sheet. If the difference is negative, this is recognised directly in the income statement as a gain on a bargain purchase after a remeasurement of the difference.

For each acquisition, previous non-controlling interests in the acquired company are measured either at fair value or at the value of the non-controlling interest's proportionate share of the identifiable net assets of the acquired company.

Goodwill

Goodwill arising in the consolidated financial statements is the difference between the cost of acquisition and the Group's share of the acquisition-date fair value of an acquired subsidiary's identifiable assets and liabilities. Goodwill is recognised at cost on the acquisition date and subsequently at cost less accumulated impairment. During impairment testing, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. These units are determined in accordance with the Group's operating segments. Any impairment is immediately recognised as an expense and is never reversed.

Segment reporting

An operating segment is a component of a company that engages in business activities from which it may earn revenues and incur expenses, and for which discrete financial information is available. Its operating profit is regularly reviewed by the company's chief operating decision-maker. The Company's reporting of operating segments is consistent with the internal reporting submitted to the chief operating decision-maker, which is the function that allocates resources and evaluates the results of the operating segments. The CEO is the chief operating decision-maker. The reporting segments' accounting policies are consistent with the Group's policies. Legres has defined the respective companies in each country as operating segments, i.e. Sergel kredittjänster (Sweden), Sergel AS (Norway), Sergel Oy (Finland) and Sergel A/S (Denmark).

Revenue

Revenue is recognised at the fair value of the consideration received or receivable, less VAT, discounts, returns and similar deductions. The Group recognises revenue when its amount can be measured reliably, it is likely that future economic benefits will flow to the company and specific criteria have been fulfilled for each of the Group's revenue categories.

The Group's revenue consists of debt collection commission, clearing commission, other commission and fees.

Debt collection commission

Collection commission is calculated as a percentage of the amount collected under agreement with the creditor and is recognised as revenue when the Group has received a payment from the applicable debtor.

Other income

Other revenue is recognised in the period in which the work is performed and materials/services are delivered or consumed.

Dividend

Dividend income is reported when Leger's right to receive payment has established.

Interest income and interest expenses

Interest income and interest expenses in the income statement consist of interest from financial assets and liabilities. Interest income and expenses are accounted for using the effective interest method.

Leases

A finance lease is an agreement that transfers from the lessor to the lessee substantially all the financial risks and rewards incidental to ownership of an asset. Other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are reported as non-current assets in the consolidated balance sheet and are recognised at the commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease liability in the balance sheet. Lease payments are apportioned between the interest charge and the reduction of the outstanding liability. The interest charge is allocated over the lease term in such a way as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Interest expense is recognised directly in the income statement. If the interest expense is directly attributable to the acquisition of an asset that necessarily takes a substantial period to get ready for its intended use or sale, the interest expense is instead included in the asset's cost in accordance with the Group's principles for borrowing costs (see below). Non-current assets are depreciated over the shorter of the asset's useful life and the lease term.

Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the user's economic benefits over time. .

Foreign currency

Items in the financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (functional currency). In the consolidated financial statements, all amounts are translated to Swedish kronor (SEK), which is the Parent Company's functional and presentation currency. Legres uses the following other functional currencies: DKK (Sergel A/S, Denmark), NOK (Sergel AS, Norway) and EUR (Sergel Oy, Finland).

Foreign currency transactions are translated into the entity's functional currency using the transaction-date exchange rates. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate on the fair value measurement date. Non-monetary items measured at historical cost in a foreign currency are not translated.

Exchange gains and losses are recognised in profit or loss for the period in which they arise unless the transactions relate to qualifying cash flow hedges and qualifying net investment hedges, in which case the gains and losses are reported in other comprehensive income.

When preparing consolidated financial statements, foreign subsidiaries' assets and liabilities are translated to Swedish kronor using the closing rate. Income and expense items are translated using the average exchange rate for the period unless the exchange rate has fluctuated significantly during the period, in which case the transaction-date exchange rate is used. Any exchange differences that arise are recognised in OCI and transferred to the Group's translation reserve. Translation differences arising on the disposal of a foreign subsidiary are recognised in profit or loss as part of the capital gain/loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that operation and are translated using the closing rate.

Note 2, continued

Employee benefits

Employee benefits, such as wages, bonuses, holidays with pay, sick leave and pensions, are recognised as they are earned. Pensions and other post-employment benefits are classified as defined-contribution or defined-benefit plans. The Group has defined-contribution and defined-benefit pension plans.

Defined-contribution plans

For defined-contribution plans, the Group pays fixed contributions into a separate independent legal entity and has no obligation to pay further contributions. The costs are recognised in the Group's income statement as the benefits are earned, which normally coincides with the date on which premiums are paid.

Defined-benefit plans

For defined-benefit plans, the cost of the pension benefit is determined based on actuarial calculations using the Projected Unit Credit Method. Remeasurements, including actuarial gains and losses, effects of asset ceiling changes and the return on plan assets (net of the interest component recognised in the income statement), are recognised directly in the balance sheet as income or expense corresponding to the period's change in the statement of comprehensive income in the period in which they arise. Remeasurements reported in other comprehensive income affect retained earnings and will not be reclassified to the income statement. Past service costs are recognised in the income statement in the period in which the plan was changed. Net interest is calculated using the discount rate at the beginning of the period for the defined-benefit net liability or asset.

The defined-benefit costs are divided into the following categories:

- Service costs (including current service costs, past service costs and gains and losses on curtailments and/or settlements)
- Net interest expense or net interest income
- Remeasurements

The first two categories are reported in the income statement under personnel expenses (service cost) and net financial items (net interest expense). Gains and losses related to curtailments and settlements are reported as past service costs. Remeasurements are recognised in OCI.

The defined-benefit pension obligation recognised in the balance sheet corresponds to the current surplus or deficit related to the Group's defined-benefit obligations. Any surplus is reported only to the extent that it corresponds to the present value of future repayments from each pension plan or future curtailments in premium payments to the plan.

Taxes

Income tax consists of the total of current tax and deferred tax.

Current tax

Current tax is calculated on the taxable income for the period. Taxable income differs from the amount of profit or loss recognised in the income statement as it has been adjusted for non-taxable income, non-deductible expenses and income and expenses that are taxable or deductible in other periods. The Group's current tax liability is calculated according to the tax rates applicable at the reporting date.

Deferred tax

Deferred tax is reported on temporary differences between the carrying amounts of assets and liabilities in the financial statements and their tax bases used for calculating taxable income. Deferred tax is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for essentially all taxable temporary differences, while deferred tax assets are recognised for essentially all deductible temporary differences to the extent that it is probable that the amounts can be utilised against future taxable profit. Deferred tax liabilities and tax assets are not recognised if the temporary difference is attributable to goodwill or arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences attributable to investments in subsidiaries, except in cases where the Group can control the timing of a reversal of the temporary differences and such a reversal is unlikely in the foreseeable future. Deferred tax assets attributable to deductible temporary differences relating to such investments are only recognised to the extent that it is probable that the amounts can be utilised against future taxable profit and that such utilisation is likely to occur in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available for the deferred tax asset to be fully or partly utilised.

Deferred tax is calculated using the tax rates that are expected to apply for the period when the asset is recovered or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset when they are attributable to the same tax authority and the Group intends to settle on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as income or as expense in the income statement, except when the tax relates to transactions that are recognised in OCI or directly in equity, in which case the tax is also recognised in OCI or directly in equity. For current and deferred tax arising from the recognition of business combinations, the tax effect is reported in the purchase price allocation.

Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and impairment losses.

Cost consists of the purchase price and all costs directly attributable to bringing the asset to the location and condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site. Subsequent costs are included in the asset or reported as a separate asset only when it is likely that future economic benefits attributable to the item will benefit the Group and the cost can be measured reliably. All other costs for repairs and maintenance and additional expenses are recognised in the income statement in the period in which they arise.

Depreciation of property, plant and equipment is recognised as an expense so that the asset's cost, which may be reduced by the estimated residual value at the end of its useful life, is depreciated on a straight-line basis over its estimated useful life. Depreciation begins when the asset is available for use. The useful life of equipment has been estimated at 5 years.

Estimated useful lives, residual values and depreciation methods are reviewed at least at the end of each reporting period, and the effect of any changes in estimates is accounted for prospectively.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet on disposal or retirement or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal or retirement of an asset, which is the difference between the net proceeds and the carrying amount, is recognised in profit and loss in the period when the asset is removed from the balance sheet.

Intangible assets

Acquisition by separate purchase

Intangible assets with finite useful lives acquired by separate purchase are recognised at cost less accumulated amortisation and any accumulated impairment. Amortisation is applied on a straight-line basis over the asset's estimated useful life, which is a maximum of 10 years. Estimated useful lives, residual values and amortisation methods are reviewed at least at the end of each financial year, and the effect of any changes in estimates is accounted for prospectively.

Note 2, continued

Acquisition as part of a business combination

Intangible assets acquired in a business combination are identified and reported separately from goodwill when they meet the definition of an intangible asset and their fair values can be measured reliably. The cost of these intangible assets is their acquisition-date fair value.

After initial recognition, intangible assets acquired in a business combination are recognised at cost less accumulated amortisation and any accumulated impairment, in the same way as intangible assets acquired by separate purchase. In connection with Legres's acquisition of the Sergel companies, intangible assets related to trademarks and customer relationships were capitalised in the balance sheet. The useful life of customer relationships hase been estimated at 10 years, while the useful life of trademarks has been estimated as not determinable. Customer relationships are therefore amortized, while trademarks are tested for impairment according to the methodology described below. Legres's conclusion regarding trademarks is that this kind of asset does not have a determinable useful life since the value of it depends on other factors than use such as positioning, reputational risk, marketing campaigns etc. Testing for impairment therefore provides a fairer view of this asset than regular amortization.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group analyses the carrying amounts of property, plant and equipment and intangible assets to determine whether there is any indication of impairment. If this is the case, the asset's recoverable amount is calculated in order to determine the value of any impairment. Where it is not possible to calculate the recoverable amount for an individual asset, the Group calculates the recoverable amount for the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets that are not yet ready for use are tested for impairment annually or when there is an indication of impairment.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To calculate the value in use, the expected future cash flow is discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is determined at a lower value than the carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to the recoverable amount. An impairment loss is then recognised immediately in the income statement.

When an impairment loss is subsequently reversed, the carrying amount of the asset (the cash-generating unit) increases to the remeasured recoverable amount, but the increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in previous years. Reversals of impairment are recognised directly in the income statement.

Financial instruments

A financial asset or liability is recognised in the balance sheet when the Group becomes a party to the instrument's contractual terms. A financial asset is derecognised when the contractual right to cash flow from the asset is extinguished or transferred or when the Group loses control of it. A financial liability or part of a financial liability is derecognised when the obligation specified in the contract is discharged or extinguished in some other way.

In the Legres group, the following types of assets have been classified as financial assets: other non-current receivables, trade receivables, other receivables, prepaid expenses and accrued income, cash and cash equivalents. The following types of liabilities are classified as financial liabilities: other non-current liabilities, customer prepayments, trade payables, other current liabilities, accrued expenses and deferred income.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset or group of financial assets is impaired as a result of an event. Typical events include a significantly weakened financial position for the other party or non-payment of past due amounts.

Financial assets and financial liabilities that are not subsequently measured at fair value through profit or loss are initially recognised at fair value, plus or minus transaction costs. Financial assets and financial liabilities that are subsequently measured at fair value through profit or loss are initially recognised at fair value. Financial instruments are subsequently measured at amortised cost or fair value, depending on their initial classification in accordance with IAS 39.

On initial recognition, financial instruments are classified in one of the following categories:

Financial assets:

a) Fair value through profit or loss
b) Loans and receivables
c) Held-to-maturity investments
d) Available-for-sale financial assets

Financial liabilities:

a) Fair value through profit or loss
b) Other financial liabilities at amortised cost

Fair values of financial instruments

The fair values of financial assets and liabilities are determined as follows:

The fair values of financial assets and liabilities traded on an active market are determined by reference to the quoted market price.

The fair values of other financial assets and liabilities are determined using generally accepted valuation models such as discounting of future cash flows and use of information current market transactions.

For all financial assets and liabilities, the carrying amount is considered to be a good approximation of the fair value, unless otherwise stated in the notes that follow.

Amortised cost

Amortised cost is the amount at which an asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment.

The effective interest rate is the rate that discounts all estimated future cash flows over the expected life to the initially recognised carrying amount of the financial asset or liability.

Offsetting financial assets and liabilities

Financial assets and financial liabilities may be offset and the net amount presented in the balance sheet if there is a legal right to set off the recognised amounts and an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and other short-term liquid investments that can be readily converted into cash and are subject to an insignificant risk of value changes. To be classified as cash and cash equivalents, items must have a maturity of three months or less from the acquisition date. Cash and demand deposits are classified as “Loans and receivables”, which means they are measured at amortised cost. Due to the fact that bank funds are payable on demand, amortised cost is equal to the nominal amount. Short-term investments are categorised as “Held for trading” and are measured at fair value, with changes in value recognised in profit or loss.

Note 2, continued

Trade receivables
Trade receivables are classified as "Loans and receivables", which means they are measured at amortised cost. However, as the expected maturities of trade receivables are short, they are recognised at a nominal amount without discounting. Deductions are made for receivables considered to be doubtful. Impairment losses on trade receivables are recognised in operating expenses.

Trade payables
Trade payables are classified as "Other financial liabilities", which means they are measured at amortised cost. However, as the expected maturities of trade payables are short, the liability is recognised at a nominal amount without discounting.

Liabilities to credit institutions and other loan liabilities
Interest-bearing bank loans, overdraft facilities and other loans are classified as "Other financial liabilities", which means they are measured at amortised cost using the effective interest method. Any differences between the loan amount received (net of transaction costs) and the repayment or amortisation of loans are reported over the term of the loan.

Provisions
A provision is recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount of the provision is the best estimate of the amount required to settle the present obligation at the reporting date, taking into account the risks and uncertainties associated with the obligation. When a provision is calculated by estimating the payments that are expected to be required to settle the obligation, the carrying amount shall correspond to the present value of these payments.

Where some or all of the amount required to settle a provision is expected to be paid by a third party, the reimbursement shall be reported separately as an asset in the statement of financial position when it is virtually certain that it will be received if the Company settles the obligation and the amount can be calculated reliably.

NOTE 3 Significant accounting estimates

Key sources of estimation uncertainty
Key assumptions about the future and other key sources of estimation uncertainty at the balance sheet date that involve considerable risk of material adjustments to the carrying amounts of assets and liabilities during the next financial year are described below.

Valuation of intangible assets
The valuation of the Company's intangible assets is based on estimates of future outcomes concerning cash flow. There is a risk of these estimates not reflecting actual outcomes, which would require a downward adjustment of the asset values. Please see note 16 in the group for information on how goodwill and other intangible assets are evaluated and tested for impairment.

Valuation of provisions for pensions
The valuation of provisions for pensions in the balance sheet is also based on a large number of assumptions regarding parameters affecting future pensions, such as inflation, salary increases and average life expectancy. If the outcome of these these parameters differs from the forecast, Legres will need to adjust the valuation of the provisions. Assumptions and parameters for pensions are described in Group Note 24.

NOTE 4 Financial risk management and financial instruments

The Group is exposed through its operations to various types of financial risks, including market risks, liquidity risks and credit risks. Market risks primarily comprise interest rate risk and currency risk. The company's Board of Directors has ultimate responsibility for exposure to, management and monitoring of the Group's financial risks. The Board of Directors has delegated responsibility for day-to-day risk management to the company's CFO.

Market risks

Currency risk

Currency risk refers to the risk of fair values or future cash flows fluctuating as a result of changes to foreign currency exchange rates. Exposure to currency risk may arise for payment flows in foreign currency (transaction exposure) and on conversion of foreign subsidiaries' income statements and balance sheets into the Group's presentation currency Swedish kronor (translation exposure). The Board of Directors has decided not to use hedging instruments to hedge currency risks.

Transaction exposure:

Transaction exposure is the risk that earnings will be negatively affected by currency fluctuations for the cash flows that occur in foreign currency. Since the Group's companies have both in- and outflows in local currencies, transaction exposures for the Group are limited. Only certain intra-Group costs invoiced between companies give rise to transaction exposures.

The table below contains the nominal net amounts of the significant flows that constitute transaction exposure. The exposure is stated based on the Group's payment flows in the most significant currencies.

Currency in SEK million	2017-12-31
EUR	10.1
NOK	0.7
DKK	1.0

The net book value of the Group's monetary assets and liabilities that are subject to translation to SEK amount on the balance sheet date to:

Currency in SEK million	2017-12-31
EUR	40.9
NOK	62.5
DKK	10.9

Translation exposure

Translation exposure is the risk of the value of the Group's net investments in foreign currency being negatively affected by changes in exchange rates. The Group consolidates its net assets in SEK on the balance sheet date. This risk is called translation exposure and is not hedged, in accordance with the Group's finance policy.

The table below details the translation exposure for net investments in foreign currency. The amounts below are given in SEK.

Currency in SEK million	2017-12-31
EUR	16.7
NOK	45.9
DKK	10.7

The section Sensitivity analysis for market risks below provides details of the effects of exchange rate fluctuations against SEK for the most significant foreign currencies.

Interest rate risk

Interest rate risk refers to the risk of fair values or future cash flows fluctuating as a result of changes to market interest rates. The Group is primarily exposed to interest rate risk through its issued bonds, totalling SEK 490 million. These carry variable interest, which means that the Group's future finance costs are affected when market interest rates change. The Board of Directors has decided not to hedge interest rate risk under the current circumstances.

Sensitivity analysis for market risks

The sensitivity analysis for currency risk illustrates the Group's sensitivity in the event of a rise/fall of 10 percent in the value of SEK against the most significant currencies. For transaction exposure, the analysis shows how the Group's post-tax earnings would have been affected in the event of a change in the exchange rate. This also includes outstanding monetary receivables and liabilities in foreign currency on the balance sheet date, incl. loans between Group companies in which the currency effect impacts the consolidated income statement. For translation exposure, the analysis shows how the Group's post-tax earnings and shareholders' equity would have been affected in the event of a change in the exchange rate.

The sensitivity analysis for interest rate risk illustrates the Group's sensitivity in the event of a rise/fall of 1 percent in the market interest rate. Interest sensitivity is based on the effect on post-tax earnings produced by a change in the market interest rate, both in terms of interest income and expenses. Since the Group does not report any changes in value in other comprehensive income or shareholders' equity, the corresponding effect arises in shareholders' equity.

Sensitivity analysis, SEK million	2017 (12 mths)	2017-12-31
	Effect on earnings	Effect on shareholders' equity
Transaction exposure		
EUR +10%	1.0	0.8
EUR -10%	-1.0	-0.8
NOK +10%	0.1	0.1
NOK -10%	-0.1	-0.1
DKK +10%	0.1	0.1
DKK -10%	-0.1	-0.1
Translation exposure		
EUR +10%	1.7	1.3
EUR -10%	-1.7	-1.3
NOK +10%	4.6	3.6
NOK -10%	-4.6	-3.6
DKK +10%	1.1	0.9
DKK -10%	-1.1	-0.9
Interest rates		
Finance costs +1%	-4.9	-3.8
Finance costs -1%	4.9	3.8
Finance income +1%	-	-
Finance income -1%	-	-

Liquidity and financing risk

Liquidity risk refers to the risk of the Group experiencing difficulties meeting its commitments with regard to the Group's financial liabilities.

Note 4, continued

Financing risk refers to the risk of the Group being unable to obtain sufficient financing at a reasonable cost.

The tables below give a maturity breakdown of contractual payment commitments relating to the Group and Parent Company's financial liabilities excl. derivatives. The amounts in these tables are not discounted values and they include interest payments, where applicable, which means that it is not possible to reconcile these amounts against the amounts stated in the balance sheets. Interest payments are established based on the conditions that apply on the balance sheet date. Amounts in foreign currency are converted to Swedish kronor at the exchange rates on the balance sheet date.
The Group's loan agreements do not contain any special conditions that may mean the payment date is significantly brought forward compared to what is stated in the tables.

2017-12-31	Within 3 months	3–12 months	1–5 years	More than 5 years	Total
Other non-current liabilities	8.9	26.6	561.1	360.0	956.6
Customer prepayments	1.4	-	-	-	1.4
Trade payables	54.3	-	-	-	54.3
Current tax liabilities	46.9	-	-	-	46.9
Other current liabilities	31.0	62.1			93.1
Accrued expenses and deferred income	29.8	59.5			89.3
Total	**172.3**	**148.2**	**561.1**	**360.0**	**1,241.6**

Credit and counterparty risk

Credit risk is the risk of the counterparty in a transaction causing a loss to the Group by failing to fulfil its contractual obligations. The Group's exposure to credit risk is primarily attributable to cash and cash equivalents and trade receivables. A credit assessment is conducted on every new customer in order to limit the Group's credit risk. The financial situation of existing customers is also monitored continually in order to identify warning signs at an early stage.

The revenue from the agreements with Telia Company amount to a large share of the total revenue for the group. Therefore, there is a concentration risk. However, since a large share of this revenue is related to debt collections where payment is received from collected funds, the credit risk is considered to be small.

Credit risk also arises when the company's excess liquidity is invested in various types of financial instruments. Excess liquidity is invested in interest-bearing bank accounts.

The Group's maximum exposure to credit risk is deemed to correspond to the carrying amounts of all financial assets and is detailed in the table below.

	2017-12-31
Other non-current receivables	5.8
Trade receivables	76.8
Other current receivables	38.2
Prepaid expenses and accrued income	43.5
Cash and cash equivalents	297.7
Maximum exposure to credit risk	**462.0**

Categorisation of financial instruments

Carrying amounts for financial assets and financial liabilities by measurement category in accordance with IAS 39 are detailed in the table below.

2017-12-31	Loans and receivables	Other liabilities	Other[1]	Carrying amount
Financial assets				
Other non-current receivables	5.8	-	-	5.8
Trade receivables	76.8	-	-	76.8
Other current receivables	38.2	-	-	38.2
Prepaid expenses and accrued income	43.5	-	-	43.5
Cash and cash equivalents	297.7	-	-	297.7
Other	-	-	753.8	753.8
	462.0	**-**	**753.8**	**1,215.8**
Financial liabilities				
Other non-current liabilities	-	685.2	-	685.2
Customer prepayments	-	1.4	-	1.4
Trade payables	-	54.3	-	54.3
Other current liabilities	-	93.1	-	93.1
Accrued expenses and deferred income	-	89.3	-	89.3
Other	-	-	289.8	289.8
	-	**923.3**	**289.8**	**1,213.1**

1) In order to make reconciliations possible with positions in the balance sheet, positions which do not constitute financial instruments have been included in the category called ”Other”.

NOTE 5 Segment information

The Group's operating segments comprise each of the countries Sweden, Norway, Finland, Denmark and Group adjustments. Group adjustments is considered to be a separate segment. this is based on the internal reporting to the CEO and thereby constitutes the basis of business decisions such as resource allocation etc.

In Sweden, all types of services are offered such as debt collections, clearing, handling of accounts receivable, credit decisions. Finland offers all services except clearing while Norway offers only debt collections. Denmark offers debt collections and credit decisions.

The accounting principles for the segments correspond to the group principles. Sales between the segments is carried out on market terms.

Segments' revenues and earnings

2016/2017 (15 mths)	Sweden	Norway	Finland	Denmark	Eliminations	Group adjustments	Total Group
External income	221.9	70.2	54.4	27.5	-	-	374.0
Internal income	-	-	-	-	3.5	-14.3	-10.8
Total income	**221.9**	**70.2**	**54.4**	**27.5**	**3.5**	**-14.3**	**363.2**
Depreciation	-0.2	-0.5	-0.2	-0.1	-	-15.6	-16.6
Other expenses	-191.2	-50.4	-46.6	-25.5	-28.6	28.4	-313.9
Operating profit/loss	**30.5**	**19.3**	**7.6**	**1.9**	**-25.1**	**-1.5**	**32.7**
Financial income	0.6	1.6	0.0	0.3	-	1.0	3.5
Financial expenses	-4.0	-	0.0	0.0	-	-28.8	-32.8
Profit/loss before tax	**27.1**	**20.9**	**7.6**	**2.2**	**-25,1**	**-29,3**	**3.4**
Other segment information 2017-12-31							
Assets	332.8	83.2	85.8	28.2	-48.1	733.9	1,215.8
Liabilities	313.8	37.3	69.1	17.5	70.6	704.7	1,213.0

Revenue from products and services	2016/2017 (15 mths)
Inkasso	289.4
Clearing	21.6
Kundreskontrahantering	21.2
Övrigt	31.0
Totalt	**363.2**

External revenue divided by country[1]	2016/2017 (15 mths)
Sweden	221.9
Norway	70.2
Denmark	27.5
Finland	54.4
Total	**374.0**

1) Revenues from external customers distributed by country are based on where customers are located.

Fixed assets[2]	2016/2017 (15 mths)
Sweden	1.2
Norway	1.3
Denmark	1.0
Finland	0.1
Total	**3.6**

2) Fixed assets are excluding financial instruments and deferred tax claims.

Information about major customers
Revenue from agreements with Telia Company constitute a major share of Legres's total income. Telia purchased services from all segements during the year.

NOTE 6 Distribution of income

	2016/2017 (15 mths)
Debt collection commissions	289.4
Clearing commissions	21.6
Other services	52.2
Total	**363.2**

NOTE 7 Accounting by cost type

Operating expenses are presented in the statement of comprehensive income with a classification based on the functions 'Production costs' and 'Administrative expenses'. The total of the costs by function was divided into the following cost types.

	2016/2017 (15 mths)
Debt collection-related expenses	-40.3
Personnel expenses	-115.8
Selling expenses	-49.4
Telephony & postage	-22.2
Depreciation, amortisation and impairment losses	-16.5
IT expenses	-12.6
Costs for premises	-14.8
Other	-58.9
Total	**-330.5**

Depreciation, amortisation and impairment by function is allocated as follows.

	2016/2017 (15 mths)
Production costs	-13.0
Administrative expenses	-3.5
Total	**-16.5**

NOTE 8 Other operating expenses

	2016/2017 (15 mths)
Transaction costs	-9.5
Total	**-9.5**

NOTE 9 Auditor's fee

	2016/2017 (15 mths)
Deloitte AB	
audit assignments	0.9
audit-related services	0.4
tax consultancy	-
other services	-
Total	**1.3**

Audit assignment refers to the auditor's remuneration for the statutory audit. The work involves examining the annual and consolidated financial statements and bookkeeping, the administration of the Board of Directors and the CEO, and the fees paid for audit consulting in connection with the audit assignment.

Audit-related services refer to limited assurance reviews of interim reports, regulatory reporting and services associated with certification and opinions.

NOTE 10 Leasing agreements

Operating leases – lessee

The group is the lessee through operating lease agreements concerning office space in all countries. The total amount of leasing fees reported as expenses for the year amounts to 14,1 MSEK. Future minimum leasing fees relating to non-cancellable operational leasing agreements mature as follows:

Maturity:	**2017-12-31**
Minimum leasing fees	
Within 1 year	15.0
Later than 1 year but within 5 years	50.8
Later than 5 years	85.7
Variable leasing fees	0.0

Finance leases – lessee

The Group has entered into finance leases for company cars. The leases are not cancellable and the terms vary between three and five years.

Maturity:	**2017-12-31**
Within 1 year	0.2
Later than 1 year but within 5 years	0.1
Later than 5 years	-
Total	**0.3**

NOTE 11 Number of employees, personnel costs and senior executives

Average number of employees 2016/2017 (15 mths)	Women	Men	Total
Parent Company			
Sweden	-	-	-
Total in Parent Company	**-**	**-**	**-**
Subsidiaries			
Sergel Kredittjänster AB, Sweden	104	47	151
Sergel Finans AS, Norway	57	32	89
Sergel Finans A/S, Denmark	15	19	34
Sergel Oy, Finland	39	16	55
Total in subsidiaries	**215**	**114**	**329**
Total in Group	**215**	**114**	**329**

Board members and other senior executives	2017-12-31
Parent Company	
Women:	
Board of Directors	2
Other senior executives incl. CEO	
Men:	
Board of Directors	1
Other senior executives incl. CEO	1
Total in Parent Company	**4**
Group	
Women:	
Board of Directors	-
Other senior executives incl. CEO	1
Men:	
Board of Directors	-
Other senior executives incl. CEO	4
Total in Group	**9**

Salaries and remuneration

Costs for employee benefits	2016/2017 (15 mths)
Parent Company	
Salaries and other benefits	-
Social security costs	-
Pension costs	-
Subsidiaries	
Salaries and other benefits	83.2
Social security costs	15.7
Pension costs	8.8
Total salaries and remuneration, Group	*83.2*
Total social security costs, Group	*15.7*
Total pension costs, Group	*8.8*
Total in Group	**107.7**

Salaries and other benefits allocated among senior executives and other employees	2016/2017 (15 mths)
Parent Company	
Salaries and other benefits to senior executives (2 people)	-
of which bonuses and similar benefits to senior executives	-
Salaries and other benefits to other employees	-
Total salaries and other benefits, Parent Company	**-**

The Parent Company's senior executives are not employees of the company and do not receive any remuneration.

Remuneration to senior executives in 2016/2017 (15 mths)	Basic salary/ Fee	Variable remuneration	Other benefits	Pension cost	Total
Chair of the Board of Directors (Ewa Glennow)	-	-	-	-	-
Board member (Charlotte Strandberg)	-	-	-	-	-
Board member (Per Örtlund)	-	-	-	-	-
Chief Executive Officer (Charlotte Strandberg)	-	-	-	-	-
Other senior executives (6 people)	3.2	-	0.5	0.7	4.4
Total remuneration to senior executives	**3.2**	**-**	**0.5**	**0.7**	**4.4**

Note 11, continued

Salaries and other benefits and pensions to senior executives	**2016/2017 (15 mths)**
Group	
Salaries and remuneration to senior executives (6 people)	3.7
of which bonuses and similar benefits to senior executives	-
Pension costs for senior executives	0.7
Total salaries and other benefits and pensions for senior executives in the Group	**4.4**

Remuneration to senior executives

The Parent Company Board of Directors and senior executives do not receive any fee or salary for their work.

Remuneration to other senior executives consists of basic salary, other benefits and pension. The term 'Other senior executives' refers to the five individuals who together with the Chief Executive Officer and CFO make up Group management.

Pension benefits and other benefits to other senior executives are paid as part of the total remuneration.

Pensions

Since the CEO is not employed by the Group, there is no pension agreement.

Severance pay agreement

Since the CEO is not employed by the Parent Company, there is no severance pay agreement.

NOTE 12 Financial income

	2016/2017 (15 mths)
Interest income	2.5
Other	0.5
Total	**3.0**

NOTE 13 Financial costs

	2016/2017 (15 mths)
Interest expenses	-21.8
Interest expenses, Parent Company	-8.3
Other	-2.2
Total	**-32.3**

NOTE 14 Tax on profit for the year

	2016/2017 (15 mths)
Current tax	
Current tax on profit for the year	-13.7
Deferred tax	
Deferred tax attributable to temporary differences	10.3
Total	**-3.4**

Reconciliation tax expense for the year

	2016/2017 (15 mths)
Profit/loss before tax	3.4
Tax calculated in accordance with Swedish tax rate (22%)	-0.7
Tax effect of non-deductible expenses	-2.4
Tax effect of non-taxable income	0.3
Other non-deductible expenses	-0.6
Total	**-3.4**
Recognised tax cost for the year	**-3.4**

Deferred tax reported as other comprehensive income amounts to -0,5 MSEK and relates to translation differences and reevaluation of pension liabilities.

The Group's deferred income tax assets and deferred income tax liabilities relate to the following items:

	2017-12-31
Deferred tax assets	
Related to tax loss carry forwards.	6.4
Deferred tax assets related to pension liabilities for defined benefit plans.	20.7
Other	0.6
Deferred tax assets	**27.7**
Deferred tax liabilities	
Deferred tax liabilities related to intangible assets from Sergel acquisition.	74.3
Other	2.6
Deferred tax liabilities	**76.9**

Deferred tax assets are measured at no more than the the amount likely to be recovered based on current and future taxable earnings. The Group has unutilised loss carryforwards amounting to 29,5 MSEK. These relate to the parent company and have been fully included in the basis for calculation of deferred tax assets. The tax rate for calculating deferred tax is 22 %.

NOTE 15 Investments in subsidiaries

Name	Corporate identity no. and country of operations	Business	Holdings (%)[1]
Sergel Kredittjänster AB	556264-8310, Sweden	Debt collection	100
Sergel Finans Oy	1571416-1, Finland	Debt collection	100
Sergel Finans AS	984272170, Norway	Debt collection	100
Sergel Finans A/S	35481036, Denmark	Debt collection	100

1) Percentage holding relates to ownership and voting rights held by the Parent Company.

The Parent Company had no subsidiaries on 31 December 2016.
The Group has no significant non-controlling interests.

NOTE 16 Intangible assets

	Goodwill	Customer relationships	Trademarks	Data development	Ongoing new investments	Total
Opening costs at 1 October 2016	**-**	**-**	**-**	**-**	**-**	**-**
Purchases	-	-	-	-	2.3	2.3
Acquisitions	302.4	247.5	105.8	1.0	14.3	671.0
Translation differences	-	-0.1	0.2	-	-	0.1
Closing accumulated costs at 31 December 2017	**302.4**	**247.4**	**106.0**	**1.0**	**16.6**	**673.4**
Opening amortisation at 1 november 2016	**-**	**-**	**-**	**-**	**-**	**-**
Amortisation for the year	-	-15.6	-	-0.1	-	-15.7
Closing accumulated amortisation at 31 December 2017	**-**	**-15.6**	**-**	**-0.1**	**-**	**-15.7**
Carrying amount at 31 December 2017	**302.4**	**231.8**	**106.0**	**0.9**	**16.6**	**657.7**

NOTES

Note 16, continued

Allocation of amortisation and impairment of intangible assets in comprehensive income

	2016/2017 (15 mths)
Production costs	-12.2
Administrative expenses	-3.4
Total	**-15.6**

Goodwill impairment testing

Goodwill has been divided on the following cash-generating units:

Goodwill per country	2017-12-31
Sweden	161.5
Norway	84.8
Finland	42.5
Denmark	13.6
Carrying amount	**302.4**

Trademarks have been divided on the following cash-generating entities:

Trademark per country	2017-12-31
Sweden	64.9
Norway	19.2
Finland	14.8
Denmark	7.1
Total carrying amount	**106.0**

Impairment testing of goodwill and trademarks is performed annually as well as when there are indications that there is a need for impairment. In connection with this, assets are distributed on the company's cash-generating units (CGU) which are comprised of the Group's five companies. Recovery values for a cash-generating unit are determined based on calculations of value in use. The calculations are based on estimated future cash flows based on management-approved financial forecasts covering a 3-year period.

Cash flows from 3 years up to 10 years are extrapolated using assessed growth rate as below.

Significant assumptions used to calculate value in use:

- Forecasted EBITDA margin
- Growth rate to extrapolate cash flows beyond the forecast period
- Discount rate after tax applied for estimated future cash flows

Management has determined the forecasted EBITDA margin based on past performance and expectations of future market trends. To extrapolate cash flows beyond the budget period, an estimated growth rate of 3 percent was used for all CGE's This growth rate is considered to be a conservative estimate. Furthermore, an average discount rate after tax was used in calculations. The discount rate has been determined by calculating the weighted capital cost (WACC) and amounts to 10.1%.

Furthermore, a ten-year forecast period has been used since Legres assesses that it better reflects the future of the underlying cash flows.

Based on the assumptions presented above, the recovery value exceeds the reported value of goodwill. Reasonable changes to the above assumptions would not entail any impairment need arising from goodwill.

NOTE 17 Equipment

	2017-12-31
Opening costs	-
Purchases	2.6
Acquisitions	1.9
Closing accumulated costs	**4.5**
Opening depreciation	-
Depreciation for the year	-0.9
Closing accumulated depreciation	**-0.9**
Carrying amount	**3.6**

Allocation of depreciation and impairment of property, plant and equipment in comprehensive income

	2016/2017 (15 mths)
Production costs	-0.7
Administrative expenses	-0.2
Total	**-0.9**

NOTE 18 Other non-current receivables

	2017-12-31
Opening costs	-
Additional receivables	5.8
Closing accumulated costs	**5.8**
Carrying amount	**5.8**

NOTE 19 Trade receivables

	2017-12-31
Trade receivables, gross	77.0
Provision for bad debts	-0.2
Trade receivables, net of provision for bad debts	**76.8**

Company management deems that the carrying amount for trade receivables, net of provision for bad debts, is consistent with the fair value.

Aging analysis, trade receivables	2017-12-31
Not overdue	59.8
Due within 30 days	9.6
Past due, 31–60 days	4.0
Past due, 61–90 days	2.7
Due > 90 days	0.7
Total	**76.8**

The company deems that payment will be received for trade receivables that are due but have not been written down, as the customers' payment history is good.

NOTE 20 Prepaid expenses and accrued income

	2017-12-31
Prepaid rent	4.1
Accrued interest income	8,6
Accrued clearing income	11,7
Other items	19.1
Carrying amount	**43.5**

NOTE 21 Cash and cash equivalents

	2017-12-31
Available balances at banks and other credit institutions	297.7
Total	**297.7**

NOTE 22 Translation reserves

Translation reserves relate to translation differences arising when translating foreign operations into SEK, which are recognised in other comprehensive income.

NOTE 23 Other non-current liabilities

	2017-12-31
Issued bonds	476.8
Shareholder loan	208.4
Carrying amount	**685.2**

The bonds were issued on 30 June 2017 and listed on Nasdaq Stockholm's corporate bond list on 28 August. Interest on the issued bonds is fixed at 90 days STIBOR + 7.25%. The fixed interest term is 90 days. The bonds mature on 29 December 2020.

The shareholder loan was received on 30 June 2017 and the interest is fixed at 8% for the entire term. The due date is set at no earlier than the day after the due date for the issued bonds (29 December 2020).

See also Note 4 for calculations regarding interest sensitivity.

NOTES

NOTE 24 Pensions

The Group's pension commitments include both defined contribution and defined benefit pension schemes.

The Group's defined contribution pension schemes are primarily in Sweden. The total cost for the financial year regarding defined contribution pension schemes amounted to SEK 4.3 million.

Defined benefit pension schemes

The Group has defined benefit pension schemes for employees in Sweden. Employees born in or before 1978 are covered by ITP 2. ITP 2 includes a retirement pension, sickness pension and survivor protection. The retirement pension within ITP 2 is a defined benefit scheme and the benefit is based on the employee's final salary, and offers 10 percent of final salary between 0 and 7.5 income base amounts, 65 percent between 7.5 and 20 income base amounts and 32.5 percent between 20 and 30 income base amounts. At 31 December 2017, one income base amount totalled SEK 61.5 thousand. The Group's commitments as regards ITP 2 are managed and administered by Telia Company's Swedish pension foundation, in which Legres has a share of the total pension obligations and plan assets. This share concerns estimated obligations and assets for staff at Sergel Kredittjänster AB. Further details regarding investment strategy and risk policy can be found in Telia Company's Swedish annual accounts.

The most recent actuarial calculation of the present value of the defined benefit obligation was carried out by PwC. The present value of the defined benefit obligation and the attributable service costs for the current period and service costs from prior periods have been calculated using the Project Unit Credit Method.

Significant estimates for defined benefit pension obligations: actuarial assumptions and sensitivity

The key actuarial assumptions are detailed below:

	2017-12-31
Discount rate	3.00%
Anticipated salary increases	2.85%
Inflation	1.80%
Income base amount	2.65%
Remaining period of service	11.0

Assumptions regarding life expectancy are based on statistics in the DUS14 mortality table and have been established in consultation with actuarial experts. These assumptions mean the following average remaining years of life for a person retiring at the age of 65:

	2017-12-31
Retirement at end of reporting period	
- Men	21,8
- Women	24,4
Retirement 20 years after end of reporting period	
- Men	23,6
- Women	25,5

The most significant actuarial assumptions when calculating the defined benefit pension obligation are discount rate, salary increases and life expectancy assumption. Below is a sensitivity analysis of how reasonable changes to these assumptions would impact the recognised defined benefit net obligation:

Present value of obligation	2017-12-31
Change in discount rate of +0.5%	175.4
Change in discount rate of -0.5%	221.6
Change in salary increase +0.5%	203.1
Change in salary increase -0.5%	191.0
Change in life expectancy assumption +1 year	202.0
Change in pension increases +0.5%	217.3
Change in pension increases -0.5%	173.8

When assessing the sensitivity analysis presented above, it is important to consider that it is unlikely that changes in an assumption would occur in isolation from changes in other actuarial assumptions, since certain assumptions can be assumed to correlate with one another and to a certain extent have a counteracting effect on the defined benefit obligation. There have not been any changes to the method or the assumptions used when producing the sensitivity analysis compared with previous years.

Amount recognised in income statement for defined benefit pension obligations	2016/2017 (15 mths)
Service costs during current period	-2.2
Net interest expense	-2.1
Special salary tax	-1.0
Total recognised in income statement	**-5.3**

Of the defined benefit cost, SEK 4.2 million has been recognised as production costs and the remaining portion as administrative expenses in the consolidated income statement.

Amount recognised in other comprehensive income for defined benefit pension obligations	2016/2017 (15 mths)
Revaluations of the defined benefit net liability:	-
Return on plan assets (excluding amounts included in net interest expense)	1.7
Actuarial gains and losses arising from changes in experience	0.7
Other	0.6
Total recognised in other comprehensive income	**3.0**
Total amount recognised in comprehensive income	**-2.3**

Note 24, continued

Amount recognised in balance sheet for defined benefit pension obligations	2017-12-31
Funded pension obligations including payroll tax	196.8
Fair values of plan assets	-33.4
Net funded pension obligations (asset)	163.4
Unfunded pension obligations including payroll tax	-
Net unfunded and funded pension obligations	**163.4**

In the consolidated balance sheet, the pension liability amounts to 166,0 MSEK. A Finish pension liability of 1,6 MSEK is included in this amount.

Change for the period in the defined benefit obligation	2017-12-31
Defined benefit obligation at beginning of period	
Assumed obligations from business combinations	194.1
Service cost during current period	2.2
Net interest expense	2.6
Actuarial gains (losses)	
Experience-based adjustments	-0.7
Effect of settlements	0.2
Pension payments	-1.6
Defined benefit obligation at end of period	**196.8**

Changes in the fair values of plan assets during current year were as follows:	2017-12-31
Fair values of plan assets at start of period	
Assets acquired from business combinations	-32.9
Interest income	-0.5
Recalculation gains (losses):	
Return on plan assets (excluding amounts included in net interest expenses)	-1.6
Remuneration paid	1.6
Fair values of plan assets at end of period	**-33.4**

NOTE 25 Accrued expenses and prepaid income

	2017-12-31
Accrued salaries	15.2
Accrued holiday pay	13.9
Accrued social security costs	3.4
Accrued interest	2.1
Other items	54.7
Carrying amount	**89.3**

NOTE 26 Pledged assets and contingent liabilities

Pledged assets	2017-12-31
Floating charges	-
Blocked funds	38.5
Total	**38.5**

Contingent liabilities	2017-12-31
Other contingent liabilities	2.0
Total	**2.0**

NOTE 27 Transactions with related parties

Transactions between the company and its subsidiaries, which are related parties to the company, have been eliminated on consolidation and disclosures regarding these transactions are therefore not submitted in this note. Disclosures regarding transactions between the Group and other related parties are detailed below.

Sale of goods and services	2016/2017 (15 mths)
Parent Company	-
Other related companies	4.8
Total	**4.8**

Purchase of goods and services	2016/2017 (15 mths)
Parent Company	-
Other related companies	13.3
Total	**13.3**

Receivables to related parties	2017-12-31
Parent Company	-
Other related companies	8.8
Carrying amount	**8.8**

Liabilities to related parties	2017-12-31
Parent Company	208.0
Other related companies	23.2
Carrying amount	**231.2**

Sales and purchases of goods and services are carried out on commercial terms.

Loans to related parties	2016/2017
-	-
Total	**-**

NOTE 28 Business combinations

On 30 June 2017, Legres AB (publ) acquired all the shares and votes in the companies Sergel Kredittjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S from Telia Company AB. The companies provide credit management services and operate throughout the Nordic region. The acquisition is a major step towards the goal of establishing Legres as a major operator with a complete offering of services in credit management to transaction-intensive companies in Northern Europe. The acquisition also adds a strong and well known brand and extensive industry experience. The acquisition value amounted to SEK 674.4 million and the acquisition cost to 9,4 MSEK. In the parent company, the transaction costs have been booked as part of the carrying amount of the shares in the subsidiaries. Please see note 2 accounting principles for differences between group and parent company regarding accounting for business combinations. The fair value of net assets identified at the acquisition date amounted to SEK 372.6 million. Goodwill identified at the acquisition date amounted to SEK 302.4 million. This is considered taxable in full.

The acquired companies have contributed revenue totaling 374,0 MSEK for the period and an operating profit of 52,2 MSEK for the period of 2017-07-01 to 2017-12-31. Proform-adjusted revenue for the full year of 2017 amounts to 723,0 MSEK.

The acquisition's net assets are allocated as follows:

	Carrying amount value before acquisition	Adjustments to fair value	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 and bank balances	273.7		273.7
Provisions for pensions	-161.2		-161.2
Other liabilities	-188.2	-78.6	-266.8
Net assets	**97.7**	**274.9**	**372.6**
Acquisition value			674.7
Goodwill			302.4
Cash and bank balances in acquired companies			-273.7
Net cash flow			401.0

NOTE 29 Events after end of reporting period

No significant events have taken place after the end of the financial year.

Parent Company Income statement

(SEK million)	Note	2016-10-06 2017-12-31 (15 mths)
Revenue	2, 3	3.5
Production costs		-
Gross earnings		**3.5**
Administrative expenses		-5.0
Operating profit/loss	4, 5, 6	**-1.5**
Profit/loss from investments in Group companies	7	51.5
Other interest income and similar profit/loss items	8	1.0
Interest expenses and similar profit/loss items	9	-28.8
Profit/loss after financial items		**22.2**
Profit/loss before tax		**22.2**
Tax on profit for the year	10	6.5
PROFIT/LOSS FOR THE YEAR		**28.7**

Parent company statement of comprehensive income

(SEK million)	Note	2016-10-06 2017-12-31
Profit/loss for the year		**28.7**
Other comprehensive income		**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**28.7**

Parent Company Balance Sheet

(SEK million)	Note	2017-12-31
ASSETS		
Non-current assets		
Non-current financial assets		
Investments in Group companies	11	684.1
Deferred tax assets	10	6.5
		690.6
Total non-current assets		**690.6**
Current assets		
Current receivables		
Receivables from Group companies	12	4.1
Prepaid expenses and accrued income	13	6.2
Total current receivables		**10.3**
Cash and bank balances	14	**33.0**
Total current assets		**43.3**
TOTAL ASSETS		**733.9**
EQUITY AND LIABILITIES		
Shareholders' equity		
Restricted equity		
Share capital	15	0.5
		0.5
Unrestricted equity		
Profit/loss for the year		28.7
		28.7
Total shareholders' equity		**29.2**
Non-current liabilities	16	
Bond loans		476.8
Liabilities to Group companies		208.3
Total non-current liabilities		**685.1**
Current liabilities		
Trade payables		5.4
Other current liabilities		13.8
Accrued expenses and deferred income	17	0.4
Total current liabilities		**19.6**
TOTAL EQUITY AND LIABILITIES		**733.9**

Parent Company statement of changes in equity

	Restricted equity	Non-restricted equity		
(SEK million)	Share capital	Retained earnings	Profit/loss for the year	Total share-holders' equity
Opening balance, 6 October 2016	-	-	-	**-**
Transactions with shareholders:				
Share capital paid	0.5	-	-	**0.5**
Total transactions with shareholders	**0.5**	**-**	**-**	**0.5**
Profit/loss for the year	-	-	28.7	**28.7**
Other comprehensive income:	-	-	-	**-**
Total other comprehensive income	**-**	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**28.7**	**28.7**
Closing balance, 31 December 2017	**0.5**	**-**	**28.7**	**29.2**

Parent Company statements of cash flows

(SEK million)	Note	2016-10-06 2017-12-31 (15 mths)
Cash flow from operating activities		
Operating profit/loss		-1.5
Adjustments for items not included in cash flow:		
Dividend received		51.5
Interest paid		-28.8
Cash flow from operating activities before changes in working capital		**21.2**
Changes in working capital		
Decrease(+)/increase(-) in other current receivables		-14.3
Decrease(-)/increase(+) in trade payables		5.4
Decrease(-)/increase(+) in other current liabilities		14.2
Cash flow from operating activities		**26.5**
Investing activities		
Acquisition of subsidiaries		-684.1
Cash flow from investing activities		**-684.1**
Financing activities		
Share capital paid		0.5
New bond issue		490.0
Borrowings		200.0
Cash flow from financing activities		**690.5**
Cash flow for the year		**32.9**
Cash and cash equivalents at start of year		**0.0**
Cash and cash equivalents at year-end	14	**32.9**

Notes

NOTE 1 Accounting policies

The annual accounts of the Parent Company have been prepared in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's Recommendation RFR 2 Accounting for Legal Entities. According to RFR 2, the Parent Company must apply all International Financial Reporting Standards as adopted by the EU, as far as possible within the framework of the regulations in the Annual Accounts Act.

The differences between the Parent Company and Group's accounting policies are detailed below:

Classification and formats

The format of the Parent Company income statement and balance sheet is in accordance with the Annual Accounts Act. The difference compared to IAS 1 Presentation of Financial Statements applied in the presentation of the consolidated financial statements primarily concerns the reporting of finance income and costs, non-current assets, shareholders' equity and the presentation of provisions under a separate heading.

Subsidiaries

Investments in subsidiaries are recognised at cost. Dividends from subsidiaries are recognised as income when the right to receive dividends is deemed certain and can be reliably calculated.

NOTE 2 Allocation of net sales

Net sales by line of business	2016/2017 (15 mths)
Intra-Group sales	3.5
Total	**3.5**

Net sales by geographical market	2016/2017 (15 mths)
Sweden	2.3
Norway	0.2
Finland	0.3
Denmark	0.7
Total	**3.5**

NOTE 3 Details of purchases and sales within the same Group

	2016/2017 (15 mths)
Purchases	0.0%
Sales	100.0%

NOTE 4 Auditors' fee

	2016/2017 (15 mths)
Deloitte AB	
audit assignments	0.2
audit-related services	0.3
tax consultancy	-
other services	-
Total	**0.5**

Audit assignment refers to the auditor's remuneration for the statutory audit. The work involves examining the annual and consolidated financial statements and bookkeeping, the administration of the Board of Directors and the CEO, and the fees paid for audit consulting in connection with the audit assignment.

Audit-related services in addition to the audit assignment concern examination of prospectuses associated with bond listings, as well as quality assurance and examination and reviews of interim reports.

NOTE 5 Leases

Operating leases – lessee

The Parent Company has not entered into any leasing agreements.

NOTE 6 Employees

Salaries, remuneration, social security costs and pension costs	2016/2017 (15 mths)
Salaries and other benefits	-
Social security costs	-
Pension costs	-
Total	**-**

See Note 11 for the Group for information regarding the average number of employees, salaries and employee benefits and the balance between women and men on the Board of Directors and among senior executives.

NOTES

NOTE 7 Profit/loss from investments in Group companies

	2016/2017 (15 mths)
Dividend	51.5
Total	**51.5**

NOTE 8 Other interest income and similar profit/loss items

	2016/2017 (15 mths)
Exchange rate differences	1.0
Total	**1.0**

NOTE 9 Interest expenses and similar profit/loss items

	2016/2017 (15 mths)
Interest expenses	-18.3
Interest expenses, Group companies	-8.3
Other	-2.2
Total	**-28.8**

NOTE 10 Tax on profit for the year

	2016/2017 (15 mths)
Current tax	-
Deferred tax	6.5
Tax on profit for the year	**6.5**

Reconciliation tax expense for the year

	2016/2017 (15 mths)
Recognised profit/loss before tax	22.2
Tax calculated in accordance with Swedish tax rate (22%)	-4.9
Tax effect of non-taxable income with respect to dividend	11.4
Total	**6.5**
Recognised tax cost for the year	**6.5**

Deferred income tax assets and deferred income tax liabilities

The Parent Company's deferred tax assets and deferred tax liabilities relate to the following items:

	2017-12-31
Deferred tax assets	
Unutilised loss carryforwards	6.5
Deferred tax assets	**6.5**
Deferred tax liabilities	
Deferred tax liabilities	-
Recognised deferred tax [assets/liabilities], net	**6.5**

Deferred tax assets are measured at no more than the the amount likely to be recovered based on current and future taxable earnings. The company has unutilised loss carryforwards amounting to SEK 29.3 million. The tax rate for calculating deferred tax is 22%.

NOTE 11 Investments in Group companies

	2017-12-31
Opening costs	-
Acquisitions of subsidiaries	684.1
Closing accumulated costs	**684.1**
Carrying amount	**684.1**

Company's holdings of interests in Group companies

Company name	Share of equiity[1]	Number of shares	2017-12-31
Sergel Kredittjänster AB	100%	5,000	198.5
Sergel Norge AS	100%	227,247	225.0
Sergel Finland Oy	100%	267,966,000	120.3
Sergel Danmark A/S	100%	100,000	140.3
Total			**684.1**

1) Share of equity is consistent with voting rights.

Company name	Corporate ID no.	Registered office
Sergel Kredittjänster AB	556264-8310	Stockholm
Sergel Norge AS	984272170	Sandefjord
Sergel Finland Oy	1571416-1	Helsinki
Sergel Danmark A/S	35481036	Copenhagen

During the year the Parent Company has acquired the stake in all the above-mentioned Group companies. See Note 28 Business combinations.

NOTE 12 Receivables from Group companies

	2017-12-31
Opening costs	-
Additional receivables	4.1
Closing accumulated costs	**4.1**
Carrying amount	**4.1**

NOTE 13 Prepaid expenses and accrued income

	2017-12-31
Accrued income	4.3
Other	1.9
Carrying amount	**6.2**

NOTE 14 Cash and bank balances

	2017-12-31
Available balances at banks and other credit institutions	32.9
Blocked funds	0.1
Total	**33.0**

NOTE 15 Share capital

At 31 December 2017 and 31 December 2016, the share capital consists of a total of 500,000 shares with a quotient value of SEK 1.

NOTE 16 Non-current liabilities

	2017-12-31
Issued bonds	476.8
Shareholder loan	208.3
Carrying amount	**685.1**

See Note 23 for the Group for further information about bond and shareholder loans.

NOTE 17 Accrued expenses and prepaid income

	2017-12-31
Accrued interest	0.2
Other items	0.2
Carrying amount	**0.4**

NOTE 18 Financial instruments

Maturity breakdown financial liabilities

2017-12-31	Within 3 months	3–12 months	1–5 years	More than 5 years	Total
Bond loans	-	-	476.8	-	476.8
Liabilities to Group companies	-	-	208.3	-	208.3
Trade payables	5.4	-	-	-	5.4
Other current liabilities	-	13.8	-	-	13.8
Accrued expenses and deferred income	0.4	-	-	-	0.4
Total	**5.8**	**13.8**	**685.1**	**0.0**	**704.7**

Categorisation of financial instruments

2017-12-31	Loans and receivables	Other liabilities	Other[1]	Carrying amount
Financial assets				
Cash and bank balances	33.0	-	-	33.0
Receivables from Group companies	4.1	-	-	4.1
Prepaid expenses and accrued income	6.2	-	-	6.2
Other	-	-	690.6	690.6
Total	**43.3**	**-**	**690.6**	**733.9**
Financial liabilities				
Bond loans	-	476.8	-	476.8
Liabilities to Group companies	-	208.3	-	208.3
Trade payables	-	5.4	-	5.4
Other current liabilities	-	13.8	-	13.8
Accrued expenses and deferred income	-	0.4	-	0.4
Total	**-**	**704.7**	**-**	**704.7**

1) To facilitate reconciliation against items in the balance sheet, items that do not constitute financial instruments, financial instruments not measured at fair value and other assets and liabilities included in balance sheet items have been included under Other.

NOTE 19 Pledged assets and contingent liabilities

The company has no pledged assets or contingent liabilities.

NOTE 20 Transactions with related parties

Transactions between the Parent Company and its subsidiaries, which are related parties to the Parent Company, as well as disclosures regarding transactions between other related parties are presented below.

Sale of goods and services	**2016/2017 (15 mths)**
Sergel Kredittjänster AB	2.3
Sergel Norge AS	0.2
Sergel Oy	0.3
Sergel A/S	0.7
Total	**3.5**

NOTE 21 Events after end of reporting period

No significant events have taken place after the end of the financial year.

NOTE 22 Appropriation of the company's profit

	2017-12-31
The following profit is at the disposal of the AGM:	28,660,074
The Board of Directors proposes that the following amount be carried forward	**28,660,074**

The Board has authorised the annual accounts and the consolidated accounts for issue on 26 April 2018. The consolidated income statement and balance sheet and the Parent Company's income statement and balance sheet will be presented for adoption at the Annual General Meeting on 2 May 2018.

Signatures of the board and CEO

The Board of Directors and Chief Executive Officer hereby certify that the annual report has been prepared in accordance with the Annual Report Act and RFR 2 Accounting for legal entities and that it provides a true and fair view of the company's position and earnings, and that the Directors' Report provides a true and fair overview of the development of the company's business, position and earnings and describes significant risks and uncertainties faced by the company. The Board of Directors and Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and that they provide a true and fair view of the Group's position and earnings, and that the Directors' Report provides a true and fair overview of the development of the Group's business, position and earnings and describes significant risks and uncertainties faced by the companies that are part of the Group.

STOCKHOLM 26 APRIL 2018

Ewa Glennow
Chair of the Board of Directors

Charlotte Strandberg
Board member and CEO

Per Örtlund
Board member

Our Auditor's Report was submitted on 30 APRIL 2018
Deloitte AB

Kent Åkerlund
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Legres AB (publ) corporate identity number 559085-4773

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Legres AB (publ) for the financial year 2017-01-01 - 2017-12-31 except for the corporate governance statement on pages 3.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 3. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of Directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities* section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Impairment of intangible assets

Legres AB (publ)´s financial statements include intangible assets as of December 31, 2017, amounts to 657,7 MSEK which includes goodwill, customer relationships and trademark. These items are significant in the entity´s balance sheet and changes in the regulatory market environment Legres operates in or lower than expected performance may be indicators of possible impairment of the recoverable amount of these assets and hence the net asset value of Legres AB (publ).

Please refer to note 2 and note 16 for more information.

Our audit procedures included, but were not limited to:

• We obtained an understanding of management's annual impairment testing process and controls for assessing impairment triggers and tested relevant controls.

• We reviewed the valuation and financial development of the entity and discussed historical performance with management.

• We analysed the assumptions made in the impairment tests and compared to historical performance and external and other benchmark data.

• We evaluated the sensitivity testing of key assumptions.

• We reviewed the disclosures related to valuation of intangible assets and assess whether the disclosures are in line with Annual Accounts Act and IFRS.

• We have had our valuation experts involved in performing the above audit procedures.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Legres AB (publ) for the financial year 2017-01-01 - 2017-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 3 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevU 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Legres AB by the general meeting of the shareholders on the 2017-04-27 and has been the company's auditor since 2017-04-27.

Stockholm 2018-04-30

Deloitte AB

Signature on Swedish original

Kent Åkerlund
Authorized Public Accountant