

YEAR-END REPORT

JANUARY-DECEMBER, 2021

Legres AB (publ)

559085-4773

Published February 25, 2022

YEAR-END REPORT 2021

OCTOBER – DECEMBER 2021

- Net sales amounted to SEK 189.8 million (181.7)
- Operating result amounted to SEK 24.3 million (29.9)
- Net result amounted to SEK -9.1 million (13.6)
- Comprehensive income for the period amounted to -6.0 million (11.1)
- Cash flow from operating activities amounted to SEK 12.9 million (34.9)

JANUARY – DECEMBER 2021

- Net sales amounted to SEK 701.3 million (728.8)
- Operating result amounted to SEK 34.4 million (78.7)
- Net result amounted to SEK -39.1 million (17.7)
- Comprehensive income for the period amounted to -23.8 million (2.1)
- Cash flow from operating activities amounted to SEK 19.5 million (77.5)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- On 1 October 2020, new legislation was introduced in Norway, which has reduced debt collection revenues throughout 2021.
- The pandemic has also in 2021 had a major negative impact on operations.
- On October 1, 2020, the agreement with Telia Company regarding ledger administration and customer service ended, which affects both sales and operating profit throughout this year.
- At the beginning of January 2021, the company conducted a written process with the bond owners to renegotiate the terms and conditions of the secured bond. The process ended on January 28 with new terms and conditions for the bond. For further information see www.sergel.com/investor-relations/.
- During the second quarter of 2021, an amortization of SEK 110 million was made on the bond in accordance with the new bond terms. After the amortization, the nominal amount of the bond amounts to SEK 440 million. In connection with the renegotiation, a shareholder contribution of SEK 25 million has also been received.

KEY FIGURES (SEK million)	OCTOBER – DECEMBER 2021	OCTOBER – DECEMBER 2020	JANUARY – DECEMBER 2021	JANUARY – DECEMBER 2020
Net sales	189.8	181.7	701.3	728.8
EBITDA	41.0	44.5	100.0	136.3
Adjusted EBITDA	39.7	39.7	84.0	117.1
Operating result	24.3	29.9	34.4	78.7
Net result	-9.1	13.6	-39.1	17.7
Cash flow from operating activities	12.9	34.9	19.5	77.5
Interest coverage ratio	2.56x	3.28x	2.56x	3.28x
Net interest-bearing debt to EBITDA	4.41x	3.30x	4.41x	3.30x
Cash and cash equivalents	99.1	200.9	99.1	200.9

See side 17 for key figures definitions

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant event has occurred after the reporting period.

ABOUT LEGRES AB (publ)

Legres AB (publ) is the parent company of the Sergel companies in the Nordic region. These were acquired in June 2017 from Telia Company. The Sergel companies has approximately 330 employees and consist of Sergel Kreditjänster AB in Sweden. Sergel Oy in Finland. Sergel Norge AS in Norway and Sergel A/S in Denmark. The Sergel companies market services within credit scoring, account receivables, debt collection and payment- and message services (Connect).

CEO's comments

The Sergel Group ended the year strong with stable organic growth during the fourth quarter. Sales increase to SEK 189.8 million (181.7, Q4 2020), which is primarily due to a strong development in the Swedish and Finnish companies. It is the digital messaging services within the Connect business area in Sweden that show the strongest growth both during the quarter (59 percent) and the full year (56 percent). The debt collection business in Sweden is also developing very well and we can enjoy a doubling of the result (EBITDA) for each individual quarter in 2021. As I said, Sergel Oy is doing well, which is largely due to the fact that we adjusted our commission levels together as a customer. In addition, our investments in IT systems lead to more efficient debt collection management, which has a positive impact on costs in Finland.

If the successes in Sweden and Finland are primarily revenue-driven, Norway and Denmark have compensated for a weaker revenue development with very good cost control and efficient progress of the operations.

Operating profit for the fourth quarter amounts to SEK 24.3 million (29.9). The decrease is primarily due to increased operator costs in the Connect business area and costs from the development of the new core system. Both revenue and earnings development during the full year continue to be negatively affected by the Norwegian law change that came into force on 1 October 2020, as well as by effects arising from the pandemic.

During the quarter, vision and strategy work was initiated will permeate the entire Sergel Group and which will form the basis for the company's future business model and service offering. Sergel's services will be developed into more powerful strategic tools that our customers can use to optimize their financial situation in both the short and long term. Greater emphasis is also placed on giving end customers, debtors, better opportunities to influence their financial situation. Through this work, our services will climb higher in the value chain of customers. I will tell more in future reports about how this work is progressing.

There are several factors that speak for good market prospects in the future. One example is that the increased digitalization of society is leading to more and more automated services, a development that we believe will continue to benefit our Connect business area. Another example is that a gradual easing of the pandemic restrictions is expected to lead to better conditions for trade and thus a boost for many of our customers in the Nordic region.

In conclusion, I would like to take this opportunity to thank all employees for their extraordinary efforts during another pandemic year. Thanks to your good attitude and adaptability, you have, despite changing conditions, continued to deliver high quality to our customers and end customers.

/Isak Åsbrink

GROUP FINANCIALS

FINANCIAL OVERVIEW (SEK million)	OCTOBER - DECEMBER	OCTOBER - DECEMBER	JANUARY - DECEMBER	JANUARY - DECEMBER
	2021	2020	2021	2020
Net sales	189.8	181.7	701.3	728.8
EBITDA	41.0	44.5	100.0	136.3
Adjusted EBITDA	39.7	39.7	84.0	117.1
Operating result	24.3	29.9	34.4	78.7
Financial net	-16.7	-11.0	-64.3	-54.0
Tax	-16.7	-5.3	-9.2	-7.0
Net result	-9.1	13.6	-39.1	17.7
Average number of employees	329	365	329	365

INCOME AND EARNINGS

The Group's net sales during the fourth quarter amounted to SEK 189.8 million (181.7), which is an increase of 4.5% compared with the same quarter in 2020. The increase is due to a large increase in the Connect business area deal but is offset by lower revenues in other business areas. Operating profit for the fourth quarter amounted to SEK 24.3 million (29.9), a decrease of 18.7%. The decrease is mainly due to increased direct costs linked to the Connect and increased IT costs that have arisen for the new core system. However, offset by lower consulting and personnel costs. IFRS 16 has affected operating profit by SEK 5.2 million (4.8).

For the full year, sales amounted to SEK 701.3 million (728.8), which is a decrease of 4 % and is mainly due to reduced revenues in accounts receivable management as a result of the terminated agreement with Telia. On the other hand, the decrease is offset by the fact that Connect has increased significantly during the year. Operating profit for the full year amounted to SEK 34.4 million (78.7), which is a decrease of 56% and is mainly due to reduced revenues, increased costs for Connect and increased IT costs, while consulting and personnel costs decreased significantly during the year. IFRS 16 has affected operating profit for the full year by SEK 20.0 million (19.2).

FINANCIAL NET

The Group's net financial items during the fourth quarter amounted to SEK -16.7 million (-11.0), of which financial costs for bond financing amounted to SEK -16.5 million (-9.4) and for shareholder loans SEK -3.1 million (-3.0). The increase compared with the previous year is mainly due to accrued transaction costs that arose in connection with the renegotiation of the bond loan. IFRS 16 has affected net financial items by SEK -0.1 million (-1.7).

Net financial items for the full year amounted to SEK -64.3 million (-54.0), of which financial costs for bond financing amount to SEK -42.9 million (-39.7) and for the shareholder loan SEK -12.5 million (-11.7). The increase is just as during the quarter due to increased costs that arose in connection with renegotiation of bonds. IFRS 16 affected net financial items for the full year by SEK -5.2 million (-6.7).

The interest rate on the bond is variable with a base of three months STIBOR plus a margin of 7.00 percent per year. Coupon is paid quarterly. The bond matures on July 9, 2022, after which the debt has been reclassified to current liabilities. However, the expectation is to issue a new bond in connection with the current bond maturing. The interest on the shareholder loan must be paid on the day following the full redemption of the bond.

TAX

The Group's tax expense during the fourth quarter amounted to SEK -16.7 million (-5.3) and consists of current tax of SEK -3.6 million (-0.9) and deferred tax of SEK -13.1 million (-4.4). This is mainly due to a re-taxation of the previous year's earnings booked during the fourth quarter.

For the full year, the tax expense amounts to SEK -9.2 million (-7.0) and consisted of current tax of SEK -12.0 million (-16.4) and deferred tax of SEK 2.8 million (9.4).

NUMBER OF EMPLOYEES

The average number of employees has decreased by 36 during the year. This is primarily due to the fact that the companies worked with cost savings and that the new core system contributed to efficiencies.

CASH FLOW AND FINANCIAL POSITION

(SEK million)	OCTOBER- DECEMBER	OCTOBER- DECEMBER	JANUARY- DECEMBER	JANUARY- DECEMBER
	2021	2020	2021	2020
Cash flow from operating activities	12.9	34.9	19.5	77.5
Cash flow from investing activities	-9.1	-17.4	-48.5	-48.6
Cash flow from financing activities	5.0	-0.2	-77.0	-6.5
Cash flow for the period	8.8	17.3	-106.0	22.4

The decrease in cash flow for the period compared with the previous year is mainly a result of a reduced operating profit and a negative development in the change in working capital, to some extent offset by lower investments in the IT platform and loans.

The decrease in full-year cash flow compared with the previous year is mainly a result of a reduced operating profit and a negative development in the change in working capital, as well as amortization of the Bond (SEK - 110 million).

FINANCIAL POSITION

(SEK million)	31 DEC 2021	31 DEC 2020
Non-current assets	749.4	771.7
Current assets	324.4	392.2
Equity	62.1	60.9
Non-current liabilities	325.4	881.9
Current liabilities	686.3	221.1

Non-current assets decreased slightly compared with the previous year, which is due to higher depreciation than investments during the year.

The reduction in long-term liabilities is primarily due to the bond loan being reclassified to current liabilities as it matures on 9 July 2022, but also lower provisions for pension liabilities, reduced leasing liabilities and reduced deferred tax liabilities. This is somewhat offset by the fact that subordinated loans increase as the interest rate is capitalized.

Current liabilities have increased compared with the previous year, which is primarily related to the fact that the bond loan, which was repaid with SEK 110 million in 2021, is now classified as current liabilities but also due to higher accounts payable.

OTHER FINANCIAL INDICATORS (not defined by IFRS)

Interest Coverage Ratio is included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. The interest coverage ratio must exceed 2.00x.

INTEREST COVERAGE RATIO (SEK million)	31 DEC 2021	31 DEC 2020
Justerad EBITDA över senaste tolv månader	84.0	117.1
Nettofinansavgifter över senaste tolv månader	32.8	35.7
Räntetäckningsgrad	2.56x	3.28x

Net Interest-Bearing Debt to EBITDA is included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. The indicator must not exceed 5.50x (per 31 Dec 2021). Net interest-bearing debt does not include debt relating to obligations to pay future leasing fees according to IFRS 16, in accordance with the terms and conditions of the bond.

NET INTEREST BEARING DEBT TO EBITDA (SEK million)	31 DEC 2021	31 DEC 2020
Net interest-bearing debt	370.7	386.9
Adjusted EBITDA on rolling twelve months	84.0	117.1
Net interest-bearing debt to EBITDA	4.41x	3.30x

Cash and cash equivalents are included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. Cash and cash equivalents must amount to at least SEK 20.0 million. Cash and cash equivalents amounted to SEK 99.1 million per 31 December 2021 (SEK 200.9 million per 31 December 2020).

PUBLICATION OF FINANCIAL INFORMATION

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

The interim report for the first quarter 2022 will be published on May 27, 2022

The interim report for the second quarter 2022 will be published on August 26, 2022

The interim report for the third quarter 2022 will be published on November 25, 2022

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

Stockholm February 25, 2022

Ewa Glenow
Chairman of the Board

Per Örtlund
Board Member

Isak Åsbrink
Board Member, Chief Executive Officer

The Year-end report has not been audited by the Group's auditors.

CONTACT DETAILS

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GROUP FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

INCOME STATEMENT (SEK million)	Not	OCTOBER –	OCTOBER –	JANUARY –	JANUARY –
		DECEMBER	DECEMBER	DECEMBER	DECEMBER
		2021	2020	2021	2020
Net sales	4	189.8	181.7	701.3	728.8
Production cost		-125.0	-114.6	-503.9	-491.1
Gross result		64.8	67.1	197.4	237.7
Administrative expenses		-40.5	-37.2	-163.1	-159.0
Operating result		24.3	29.9	34.4	78.7
Financial net		-16.7	-11.0	-64.3	-54.0
- <i>whereof Secured Bonds</i>		-16.5	-9.4	-42.9	-41.7
- <i>whereof Shareholder loans</i>		-3.1	-3.0	-12.5	-11.7
- <i>whereof Other</i>		2.9	-	-8.9	-0.6
Result before tax		7.6	18.9	-29.9	24.7
Tax					
Net result		-16.7	-5.3	-9.2	-7.0
Net sales		-9.1	13.6	-39.1	17.7

GROUP STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME (SEK million)	OCTOBER –	OCTOBER –	JANUARY –	JANUARY –
	DECEMBER	DECEMBER	DECEMBER	DECEMBER
	2021	2020	2021	2020
Net Result	-9.1	13.6	-39.1	17.7
Items that can be reclassified into profit and loss				
Currency translation differences	3.3	-5.7	10.3	-15.4
Items that cannot be reclassified into profit and loss				
Re-evaluation of pensions liability	-0.3	4.0	6.3	-0.3
Tax effect re-evaluation of pension liability	0.1	-0.8	-1.3	0.1
Total other comprehensive income	3.1	-2.5	15.1	-15.6
Comprehensive income for the period	-6.0	11.1	-23.8	2.1

GROUP BALANCE SHEET

BALANCE SHEET (SEK million)	31 DEC 2021	31 DEC 2020
Assets		
<i>Non-current assets</i>		
Goodwill	302.4	302.4
Other intangible assets	340.1	341.5
Property, plant and equipment	1.8	3.1
Right-of-use assets	88.3	100.4
Other long-term receivables	4.7	5.0
Deferred tax assets	12.1	19.3
Sum of Non-current assets	749.4	771.7
<i>Current assets</i>		
Accounts Receivable	65.2	51.6
Prepaid expenses & Accrued revenues	61.1	49.1
Other receivables	99.0	90.6
Cash & bank	99.1	200.9
Sum of Current assets	324.4	392.2
Sum of Total Assets	1 073.8	1 163.9
Equity	62.1	60.9
Liabilities		
<i>Non-current liabilities</i>		
Provisions for pensions	29.8	37.8
Long-term interest-bearing liabilities	-	544.6
Subordinated liabilities	164.7	152.2
Long-term lease liabilities	84.2	93.7
Deferred tax liabilities	46.7	53.6
Sum of Non-current liabilities	325.4	881.9
<i>Current liabilities</i>		
Short-term interest-bearing liabilities	436.2	-
Current lease liabilities	12.7	12.4
Accounts Payable	75.6	44.6
Current tax liabilities	3.9	-
Accrued expenses & Deferred revenues	50.7	64.1
Other liabilities	107.2	100.0
Sum of Current liabilities	686.3	221.1
Total liabilities	1 011.7	1 103.0
Sum of Total Liabilities & Equity	1 073.8	1 163.9

GROUP STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY (SEK million)	31 DEC 2021	31 DEC 2020
Equity at the beginning of the period	60.9	58.8
Comprehensive income for the period	-23.8	2.1
Shareholder contribution	25.0	-
Equity at the end of the period	62.1	60.9

GROUP CASH FLOW STATEMENT

CASH FLOW (SEK million)	OCTOBER – DECEMBER 2021	OCTOBER – DECEMBER 2020	JANUARY – DECEMBER 2021	JANUARY – DECEMBER 2020
Operating activities				
Result before tax	7,7	18,9	-29,9	24,7
Adjustments – items not included in the cash flow	19,2	17,3	67,4	70,1
-whereof depreciation and impairment of assets	16,7	14,7	65,7	57,7
-capitalized and accrued interest	-0,3	3,8	-0,7	14,9
-re-evaluation of net pension liabilities	-0,5	0,1	-1,5	0,6
-other	3,3	-1,3	3,9	-3,1
Taxes paid	9,7	-9,5	-5,3	-29,5
Cash flow from operating activities before change in working capital	36,6	26,7	32,3	65,3
Other operating assets (incr- / decr+)	-58,3	29,2	-34,2	21,0
Other operating liabilities (incr- / decr+)	34,6	-21,0	21,5	-8,8
Cash flow from operating activities	12,9	34,9	19,5	77,5
Investing activities				
Acquisition of intangible assets	-7,4	-17,4	-44,9	-42,2
Acquisition of tangible assets	-1,8	-	-3,9	-6,4
Changes in financial assets	0,1	-	0,3	-
Cash flow from investing activities	-9,1	-17,4	-48,5	-48,6
Financing activities				
Shareholder contribution	-	-	25,0	-
Other borrowings	8,2	-	16,7	6,3
Repayment of other loans	-3,2	-0,2	-118,7	-12,8
Cash flow from Financing activities	5,0	-0,2	-77,0	-6,5
Cash flow for the period	8,8	17,3	-106,0	22,4
Cash and cash equivalents at the beginning of the period	89,5	187,7	200,9	186,6
Exchange rate differences	0,8	-4,1	4,2	-8,1
Cash and cash equivalents at the end of the period	99,1	200,9	99,1	200,9

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

INCOME STATEMENT (SEK million)	OCTOBER –	OCTOBER –	JANUARY –	JANUARY –
	DECEMBER	DECEMBER	DECEMBER	DECEMBER
	2021	2020	2021	2020
Net sales	12.7	19.2	68.9	80.2
Production cost	-	-	-	-
Gross result	12.7	19.2	68.9	80.2
Administrative expenses	-11.1	-15.5	-57.7	-56.1
Depreciation	-3.7	-2.1	-14.9	-7.1
Operating result	-2.1	1.6	-3.7	17.0
Financial net	-10.0	2.5	-54.4	-36.6
- whereof Secured bonds	-9.8	-10.9	-41.4	-39.7
- whereof Shareholder loans	-3.1	-3.0	-12.5	-11.7
- whereof Dividends	5.5	12.8	5.5	12.8
Result before tax	-12.1	4.1	-58.1	-19.6
Appropriations	11.1	30.7	11.1	30.7
Tax	-14.1	-8.2	-4.6	-3.1
Net result	-15.1	26.6	-51.6	8.0

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME (SEK million)	OCTOBER –	OCTOBER –	JANUARY –	JANUARY –
	DECEMBER	DECEMBER	DECEMBER	DECEMBER
	2021	2020	2021	2020
Net Result	-15.1	26.6	-51.6	8.0
Comprehensive income for the period	-15.1	26.6	-51.6	8.0

For the parent company, the fourth quarter resulted in a loss after tax of SEK -15,1 million, which can be compared with SEK 26.6 million for the same quarter in 2020. In total, the parent company received dividends of SEK 5.5 million (12.8) and group contributions of SEK 11.1 million (30.7) during the fourth quarter. The parent company does not conduct its own operations, the income consists mainly of dividends and any group contributions.

PARENT COMPANY BALANCE SHEET

BALANCE SHEET (SEK million)	31 DEC 2021	31 DEC 2020
Assets		
<i>Non-current assets</i>		
Intangible assets	123.1	95.6
Shares in subsidiaries	684.1	684.1
Deferred tax assets	6.4	11.0
Sum of Non-current assets	813.6	790.7
<i>Current assets</i>		
Prepaid expenses & Accrued revenues	0.2	0.3
Other receivables	161.4	127.4
Cash & bank	3.7	0.7
Sum of Current assets	165.3	128.4
Sum of Total Assets	978.9	919.1
Equity	42.6	69.2
Liabilities		
<i>Non-current liabilities</i>		
Long-term interest-bearing liabilities	-	544.6
Subordinated liabilities	289.8	235.6
Sum of Non-current liabilities	289.8	780.2
<i>Current liabilities</i>		
Short-term interest-bearing liabilities	436.2	-
Accrued expenses & deferred revenues	15.6	14.8
Other liabilities	194.7	54.9
Sum of Current liabilities	646.5	69.7
Total liabilities	936.3	849.9
Sum of Total Liabilities & Equity	978.9	919.1

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY (SEK million)	31 DEC 2021	31 DEC 2020
Equity at the beginning of the period	69.2	61.2
Comprehensive income for the period	-51.6	8.0
Shareholder contribution	25.0	-
Equity at the end of the period	42.6	69.2

NOTE 1 GENERAL INFORMATION

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

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

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

NOTE 2 ACCOUNTING PRINCIPLES

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

The group applies the same accounting principles as stated in the annual report for 2020.

NOTE 3 RISKS

The group annual report describes the risks per 31 December 2020 and contains sensitivity analyses. It is the view of the group that the risks have not changed in any material way during 2021.

NOTE 4 SEGMENT INFORMATION

GROUP SEGMENT INFORMATION IN SUMMARY

NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)	OKTOBER- DECEMBER 2021	OKTOBER- DECEMBER 2020	JANUARI- DECEMBER 2021	JANUARI- DECEMBER 2020
Sweden	120.2	95.8	439.0	393.6
Norway	19.4	32.5	89.2	133.3
Finland	36.4	34.2	114.4	134.2
Denmark	13.8	19.2	58.7	67.7
Total Net Sales from external clients by region	189.8	181.7	701.3	728.8

NET SALES DIVIDED BY SERVICE (SEK million)	OKTOBER- DECEMBER 2021	OKTOBER- DECEMBER 2020	JANUARI- DECEMBER 2021	JANUARI- DECEMBER 2020
Debt Collection	120.8	127.1	466.9	468.0
Payment- and message services	55.1	34.6	175.9	112.5
Accounts Receivable	3.0	7.1	13.1	98.8
Credit Decision	10.9	12.9	45.4	49.5
Total Net Sales	189.8	181.7	701.3	728.8

All revenue is recognized at a specific point in time.

OPERATING RESULT (SEK million)	OCTOBER – DECEMBER 2021	OCTOBER – DECEMBER 2020	JANUARY – DECEMBER 2021	JANUARY – DECEMBER 2020
Sweden	9.5	11.6	14.3	31.6
Norway	10.2	9.3	21.1	32.8
Finland	11.3	8.3	17.4	30.3
Denmark	2.4	6.0	12.7	11.7
Group items and eliminations	-9.1	-5.3	-31.1	-27.7
Operating result per region	24.3	29.9	34.4	78.7
Financial net	-16.7	-11.0	-64.3	-54.0
Tax	-16.7	-5.3	-9.2	-7.0
Net Result	-9.1	13.6	-39.1	17.7

NOTE 5 RELATED PARTY TRANSACTIONS

Legres AB (publ) has received Shareholder Loan from Legres Holding AB which as of the balance sheet date amounts to SEK 164.7 million. The loan was obtained to finance the acquisition of the Sergel Companies. The interest on the subordinated loan is set to 8.00 % and is capitalized until full redemption of the Bonds.

NOTE 6 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

IFRS 9

Classification (SEK million) 2021-12-31	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
Financial assets				
Other long-term receivables		4.7		4.7
Accounts Receivable		65.2		65.2
Prepaid expenses & accrued revenues		99.0		99.0
Other receivables		99.1		99.1
Cash & bank		61.1		61.1
Total		329.1		329.1
Financial liabilities				
Short-term interest-bearing liabilities		436.2		436.2
Subordinated debt		164.7		164.7
Lease liabilities		84.2		84.2
Accounts Payable		75.6		75.6
Accrued expenses & deferred revenues		107.2		107.2
Other current liabilities		50.7		50.7
Total		918.6		918.6

IFRS 9

Classification (SEK million) 2020-12-31	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
Financial assets				
Other long-term receivables		5.0		5.0
Accounts Receivable		51.6		51.6
Prepaid expenses & accrued revenues		49.1		49.1
Other receivables		90.6		90.6
Cash & bank		200.9		200.9
Total		397.2		397.2
Financial liabilities				
Long-term interest-bearing liabilities		544.6		544.6
Subordinated debt		152.2		152.2
Lease liabilities		106.1		106.1
Accounts Payable		44.6		44.6
Accrued expenses & deferred revenues		64.1		64.1
Other current liabilities		100.0		100.0
Total		1 011.6		1 011.6

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

"**Adjusted EBITDA**" means EBITDA excluding Non-recurring items and effects caused by IFRS 16. The measure is disclosed since the financial covenants in the group's bond terms requires adjustments of certain kinds of non-recurring items.

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

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

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

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

"**Net Interest Bearing Debt**" means the aggregate interest bearing debt and pension provision less Cash and Cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time. Subordinated liabilities and lease liabilities are excluded. The indicator is disclosed as it is part of the calculation of the financial covenants of the issued bond.

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

"**Non-recurring items**" means significant events that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. Non-recurring items include separation and integration costs, extraordinary projects and acquisition and divestment expenses. The term is described since the financial covenants of the issued bond are to be adjusted by certain types of non-recurring items.