

# **YEAR-END REPORT**

**JANUARY-DECEMBER, 2020**

**Legres AB (publ)**

**559085-4773**

**Published February 26, 2021**

## YEAR-END REPORT 2020

### OCTOBER – DECEMBER 2020

- Net sales amounted to SEK 181.7 million (205.6)
- Operating result amounted to SEK 29.9 million (35.3)
- Net result amounted to SEK 13.6 million (7.0)
- Cash flow from operating activities amounted to SEK 34.9 million (69.4)

### JANUARY – DECEMBER 2020

- Net sales amounted to SEK 728.8 million (825.7)
- Operating result amounted to SEK 78.7 million (113.0)
- Net result amounted to SEK 17.7 million (11.6)
- Cash flow from operating activities amounted to SEK 77.5 million (84.1)

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- Per October 1<sup>st</sup> Sergel's contract regarding AR administration and customers support to Telia Company ended.

KEY FIGURES (SEK million)	OCTOBER – DECEMBER	OCTOBER – DECEMBER	JANUARY – DECEMBER	JANUARY – DECEMBER
	2020	2019	2020	2019
Net sales	181.7	205.6	728.8	825.7
EBITDA	44.5	48.5	136.3	164.1
Adjusted EBITDA	39.7	44.0	117.1	145.9
Operating result	29.9	35.3	78.7	113.0
Net result	13.6	7.0	17.7	11.6
Cash flow from operating activities	34.9	69.4	77.5	84.1
Interest coverage ratio	3.28x	3.99x	3.28x	3.99x
Net interest-bearing debt to EBITDA	3.30x	2.76x	3.30x	2.76x
Cash and cash equivalents	200.9	186.6	200.9	186.6

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

After the reporting period, the company has conducted a written process with the bond owners to renegotiate the terms and conditions of the secured bond. On October 1, 2020, the agreement with Telia Company regarding AR administration and customer service ended. As of October 1, new legislation was introduced in Norway, which reduces debt collection revenues, and during the second part of the year, the pandemic has begun to have a greater impact on operations. Together, these events have made it uncertain whether the company will be able to meet the maintenance test included in the terms and conditions of the bond, in the coming year. The process ended on January 28 with new terms and conditions for the bond. For further information see [www.sergel.com/investor-relations/](http://www.sergel.com/investor-relations/).

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

Legres AB (publ) is the parent company of the Sergel companies in the Nordic region. These were acquired in June 2017 from Telia Company. The Sergel companies have approximately 322 employees and consist of Sergel Kreditjänster AB in Sweden, Sergel Oy in Finland, Sergel Norge AS in Norway and Sergel A/S in Denmark. The Sergel companies market services within credit scoring, AR, debt collection and payment- and message services.

## CEO's comments

In these difficult times, it becomes even clearer that the Sergel Group has a central and important societal task in helping companies maintaining good liquidity and at the same time supporting end customers in meeting their financial commitments.

The Group was hit by the Covid-19 pandemic during the year and quarter, just like the global business community and society in general. In its wake followed lower incoming volumes, changed ability to pay and slower sales cycles, but also new lessons learned such as the importance of being able to quickly reformulate one's strategy, change focus and adapt to a changed world. Of course strategic cornerstones such as growth, product development and sales had continued focus, but were given a somewhat lower priority in favor of taking care of employees, customers and end customers.

I am very proud that we managed to maintain a good working environment as well as good availability and level of service to customers and end customers in all markets, despite the fact that we largely moved our working lives to our home offices. A strong IT platform with flexible work tools and a dynamic leadership made this possible. However, we were forced to adjust the size of the organization to create a lower cost base to meet somewhat delayed demand. We proceeded with the notice that was issued during 2020, which meant that a total of 70 employees were let go (of which 20 during Q1 2021). In addition to the pandemic's restraining effect on our business, the quarter was burdened by that Sergel Kredittjänster's contract with Telia regarding AR administration ended on October 1, which accounts for most of the decrease in sales during the quarter. Despite the decrease in sales to SEK 181.7 million (205.6) we managed to achieve a positive operating profit of SEK 29.9 million (35.3) during the fourth quarter. This shows that we have the ability to quickly adapt our strategy to a changing world and thereby maintain positive results in the Group.

Even though we had a challenging year and quarter, there are several positive achievements to highlight. Our operations in Denmark developed above expectations as a result of good cost control and the addition of new customers. Our messaging service Connect also had a positive development and grew by 23 percent compared with the previous year. An increase that was stimulated by the increased digitalization of both our work lives and private lives.

During the quarter, we also worked hard to further improve the communication channels with our end customers. An important part of this was the launch of a new omni-channel solution, where several communication channels such as chat, email and telephony are coordinated through one supplier, which among other things resulted in shorter queue times by phone.

We are now well equipped for the future with a new technical platform that was implemented in Sweden during 2020 and will be launched in new markets during 2021. The new platform is expected to gradually contribute to our business through increased customer value, efficiency gains and improved development opportunities. We also see how a changed working life together with new behavior patterns among individuals will benefit Connect. As more and more people in the Nordics are vaccinated against Covid-19, we also estimate that debt collection volumes will increase and return to more normal levels.

/Isak Åsbrink

**GROUP FINANCIALS**

FINANCIAL OVERVIEW (MKR)	OCTOBER - DECEMBER	OCTOBER - DECEMBER	JANUARY - DECEMBER	JANUARY - DECEMBER
	2020	2019	2020	2019
Net sales	181.7	205.6	728.8	825.7
EBITDA	44.5	48.5	136.3	164.1
Adjusted EBITDA	39.7	44.0	117.1	145.9
Operating result	29.9	35.3	78.7	113.0
Financial net	-11.0	-12.5	-54.0	-83.5
Tax	-5.3	-15.8	-7.0	-17.9
Net result	13.6	7.0	17.7	11.6
Number of employees	322	424	322	424

**INCOME AND EARNINGS**

The Group's net sales in the fourth quarter amounted to SEK 181.7 million (205.6), which is a decrease by 12% compared to the corresponding quarter 2019. The decrease is primarily due to the terminated contract regarding AR administration and customer service with Telia Company, but also due to fewer cases with existing customers. The operating profit for the fourth quarter was SEK 29.9 million (35.3), which is a decrease by 15% compared to the corresponding quarter 2019. The lower profit is contributed to the decrease in revenue but implemented efficiencies, primarily during the second half of the year have meant that a good level of earnings has been maintained. IFRS 16 has affected operating profit by SEK 4.8 million (4.6).

For the full year the Group's net sales amounted to SEK 728.8 million (825.7), which is a decrease by 12% compared to previous year. Operating profit was SEK 78.7 million (113.0), a decrease of 30%. IFRS 16 has affected the operating profit for the full year by SEK 19.2 million (18.2).

**FINANCIAL NET**

The Group's financial net in the fourth quarter amounted to SEK -11.0 million (-12.5) whereof financial costs for the Bond amounted to SEK -9.4 million (-9.2) and financial costs for the Shareholder Loan amounted to SEK -3.0 million (-2.7). The decrease is mainly due to positive exchange rate differences. IFRS 16 has affected the financial net by SEK -1.7 million (-1.8).

For the full year the Group's financial net amounted to SEK -54.0 million (-83.5) whereof financial costs for the Bond amounted to SEK -38.2 million (-64.5) and financial costs for the Shareholder Loan amounted to SEK -11.7 million (-14.8). The cost related to the Bonds for the previous year includes one-off costs of SEK 25.8 million to cancel the previous Bond. IFRS 16 has affected the financial net by SEK -6.6 million (-6.3).

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

**TAX**

The Group's tax expense for the fourth quarter amounted to SEK -5.3 million (-15.8) and consisted of current tax of SEK -0.9 million (7.5) and deferred tax of SEK -4.4 million (-23.3).

For the full year the Group's tax expense amounted to SEK -7.0 million (-17.9) and consisted of current tax of SEK -16.4 million (-14.9) and deferred tax of SEK 9.4 million (-3.0).

**NUMBER OF EMPLOYEES**

The number of employees has decreased by 102 during the year. This is primarily due to the notice related to the terminated AR administration contract with Telia Company and the adjustments made in Norway.

**CASH FLOW AND FINANCIAL POSITION**

(MKR)	OCTOBER- DECEMBER	OCTOBER- DECEMBER	JANUARY- DECEMBER	JANUARY- DECEMBER
	2020	2019	2020	2019
Cash flow from operating activities	34.9	69.4	77.5	84.1
Cash flow from investing activities	-17.4	-21.0	-48.6	-58.6
Cash flow from financing activities	-0.2	-10.5	-12.8	-60.6
<b>Cash flow for the period</b>	<b>17.3</b>	<b>37.9</b>	<b>22.4</b>	<b>-35.1</b>

The positive cash flow from operating activities in the quarter is partly due to the result and partly due to a positive contribution from changes in operating capital. Cash flow from investing activities consists primarily of investments in the new technical platform. Cash flow from financing activities in the quarter consists only of repayments of the leasing debt in accordance with IFRS 16.

Cash flow from operating activities for the full year comes partly from the result, and partly from a positive contribution from changes in operating capital, primarily operating receivables. Cash flow from investing activities consists primarily of investments in the new technical platform. Cash flow from financing activities in 2020 consists only of changes in the leasing debt in accordance with IFRS 16.

**FINANCIAL POSITION**

(MKR)	31 DEC 2020	31 DEC 2019
Non-current assets	771.7	793.5
Current assets	392.2	395.7
Equity	60.9	58.8
Non-current liabilities	881.9	890.4
Current liabilities	221.1	240.0

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

The decrease in non-current liabilities is primarily due to amortization of leasing liabilities and a slightly reduced deferred tax liability.

Current liabilities have decreased compared with the previous year, which is primarily related to lower personnel-related liabilities and lower tax liabilities.

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

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

<b>INTEREST COVERAGE RATIO (SEK million)</b>	<b>31 DEC 2020</b>	<b>31 DEC 2019</b>
Adjusted EBITDA on rolling twelve months	117.1	145.9
Adjusted Net Finance charges on rolling twelve months	35.7	36.5
<b>Interest Coverage Ratio</b>	<b>3.28x</b>	<b>3.99x</b>

**Net Interest-Bearing Debt to EBITDA** is included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. The indicator must not exceed 4.50x (per 31 Dec 2020). 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.

<b>NET INTEREST BEARING DEBT TO EBITDA (SEK million)</b>	<b>31 DEC 2020</b>	<b>31 DEC 2019</b>
Net interest-bearing debt	386.9	403.0
Adjusted EBITDA on rolling twelve months	117.1	145.9
<b>Net interest-bearing debt to EBITDA</b>	<b>3.30x</b>	<b>2.76x</b>

**Cash and cash equivalents** are included in the maintenance test that, according to the Bond terms and conditions, shall be reported on quarterly basis. Cash and cash equivalents must amount to at least SEK 20.0 million. Cash and cash equivalents amounted to SEK 200.9 million per 31 December 2020 (SEK 186.6 million per 31 December 2019).

## **PUBLICATION OF FINANCIAL INFORMATION**

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

The interim report for the first quarter 2021 will be published on May 28, 2021

The interim report for the second quarter 2021 will be published on August 27, 2021

The interim report for the third quarter 2021 will be published on November 26, 2021

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

Stockholm February 26, 2021

Ewa Glennow  
*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**

<b>INCOME STATEMENT (SEK million)</b>	<b>Note</b>	<b>OCTOBER – DECEMBER 2020</b>	<b>OCTOBER – DECEMBER 2019</b>	<b>JANUARY – DECEMBER 2020</b>	<b>JANUARY – DECEMBER 2019</b>
Net sales	4	181.7	205.6	728.8	825.7
Production cost		-114.6	-129.0	-491.1	-538.4
<b>Gross result</b>		<b>67.1</b>	<b>76.6</b>	<b>237.7</b>	<b>287.3</b>
Administrative expenses		-37.2	-41.3	-159.0	-174.3
<b>Operating result</b>		<b>29.9</b>	<b>35.3</b>	<b>78.7</b>	<b>113.0</b>
Financial net		-11.0	-12.5	-54.0	-83.5
- <i>whereof Secured Bonds</i>		-9.4	-9.2	-38.2	-64.5
- <i>whereof Shareholder loans</i>		-3.0	-2.7	-11.7	-14.8
<b>Result before tax</b>		<b>18.9</b>	<b>22.8</b>	<b>24.7</b>	<b>29.5</b>
Tax		-5.3	-15.8	-7.0	-17.9
<b>Net result</b>		<b>13.6</b>	<b>7.0</b>	<b>17.7</b>	<b>11.6</b>

**GROUP STATEMENT OF COMPREHENSIVE INCOME**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>OCTOBER – DECEMBER 2020</b>	<b>OCTOBER – DECEMBER 2019</b>	<b>JANUARY – DECEMBER 2020</b>	<b>JANUARY – DECEMBER 2019</b>
<b>Net Result</b>	<b>13.6</b>	<b>7.0</b>	<b>17.7</b>	<b>11.6</b>
<b>Items that can be reclassified into profit and loss</b>				
Currency translation differences	-5.7	-5.0	-15.4	4.6
<b>Items that cannot be reclassified into profit and loss</b>				
Re-evaluation of pensions liability	4.0	4.0	-0.3	-2.9
Tax effect re-evaluation of pension liability	-0.8	-0.8	0.1	0.6
<b>Total other comprehensive income</b>	<b>-2.5</b>	<b>-1.8</b>	<b>-15.6</b>	<b>2.3</b>
<b>Comprehensive income for the period</b>	<b>11.1</b>	<b>5.2</b>	<b>2.1</b>	<b>13.9</b>

**GROUP BALANCE SHEET**

<b>BALANCE SHEET</b> <b>(SEK million)</b>	<b>31 DEC 2020</b>	<b>31 DEC 2019</b>
<b>Assets</b>		
<i>Non-current assets</i>		
Goodwill	302.4	302.4
Other intangible assets	341.5	347.3
Property, plant and equipment	3.1	4.6
Right-of-use assets	100.4	109.7
Other long-term receivables	5.0	7.1
Deferred tax assets	19.3	22.4
<b>Sum of Non-current assets</b>	<b>771.7</b>	<b>793.5</b>
<i>Current assets</i>		
Accounts Receivable	51.6	60.0
Prepaid expenses & Accrued revenues	49.1	43.0
Other receivables	90.6	106.1
Cash & bank	200.9	186.6
<b>Sum of Current assets</b>	<b>392.2</b>	<b>395.7</b>
<b>Sum of Total Assets</b>	<b>1 163.9</b>	<b>1 189.2</b>
<b>Equity</b>	<b>60.9</b>	<b>58.8</b>
<b>Liabilities</b>		
<i>Non-current liabilities</i>		
Provisions for pensions	37.8	39.6
Long-term interest-bearing liabilities	544.6	541.4
Subordinated liabilities	152.2	140.5
Long-term lease liabilities	93.7	100.7
Deferred tax liabilities	53.6	68.2
<b>Sum of Non-current liabilities</b>	<b>881.9</b>	<b>890.4</b>
<i>Current liabilities</i>		
Current lease liabilities	12.4	11.9
Accounts Payable	44.6	35.1
Current tax liabilities	-	9.2
Accrued expenses & Deferred revenues	64.1	96.0
Other liabilities	100.0	87.8
<b>Sum of Current liabilities</b>	<b>221.1</b>	<b>240.0</b>
<b>Total liabilities</b>	<b>1 103.0</b>	<b>1 130.4</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>1 163.9</b>	<b>1 189.2</b>

**GROUP STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	<b>31 DEC 2020</b>	<b>31 DEC 2019</b>
Equity at the beginning of the period	58.8	44.9
Comprehensive income for the period	2.1	13.9
<b>Equity at the end of the period</b>	<b>60.9</b>	<b>58.8</b>

## GROUP CASH FLOW STATEMENT

CASH FLOW (SEK million)	OCTOBER – DECEMBER 2020	OCTOBER – DECEMBER 2019	JANUARY – DECEMBER 2020	JANUARY – DECEMBER 2019
<b>Operating activities</b>				
Result before tax	18.9	22.8	24.7	29.5
Adjustments – items not included in the cash flow	17.3	14.5	70.1	76.5
-whereof depreciation and impairment of assets	14.7	13.3	57.7	51.1
-capitalized and accrued interest	3.8	2.7	14.9	14.8
-re-evaluation of net pension liabilities	0.1	-2.3	0.6	-1.4
-other	-1.3	0.8	-3.1	12.0
Taxes paid	-9.5	-6.2	-29.5	-23.0
<b>Cash flow from operating activities before change in working capital</b>	<b>26.7</b>	<b>31.1</b>	<b>65.3</b>	<b>83.0</b>
Other operating assets (incr- / decr+)	29.2	20.6	21.0	-25.5
Other operating liabilities (incr- / decr+)	-21.0	17.7	-8.8	26.6
<b>Cash flow from operating activities</b>	<b>34.9</b>	<b>69.4</b>	<b>77.5</b>	<b>84.1</b>
<b>Investing activities</b>				
Acquisition of intangible assets	-17.4	-19.7	-42.2	-56.9
Acquisition of tangible assets	-	-1.3	-6.4	-1.7
<b>Cash flow from investing activities</b>	<b>-17.4</b>	<b>-21.0</b>	<b>-48.6</b>	<b>-58.6</b>
<b>Financing activities</b>				
Received bond funding	-	-	-	550.0
Repayment bond funding	-	-	-	-490.0
Repayment of Shareholder loan	-	-	-	-100.0
Paid bond transaction fees	-	-	-	-10.1
Other borrowings	-	-	6.3	-
Repayment of other loans	-0.2	-10.5 <sup>1</sup>	-12.8	-10.5 <sup>1</sup>
<b>Cash flow from Financing activities</b>	<b>-0.2</b>	<b>-10.5</b>	<b>-6.5</b>	<b>-60.6</b>
<b>Cash flow for the period</b>	<b>17.3</b>	<b>37.9</b>	<b>22.4</b>	<b>-35.1</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>187.7</b>	<b>150.8</b>	<b>186.6</b>	<b>217.5</b>
Exchange rate differences	-4.1	-2.1	-8.1	4.2
<b>Cash and cash equivalents at the end of the period</b>	<b>200.9</b>	<b>186.6</b>	<b>200.9</b>	<b>186.6</b>

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

<b>INCOME STATEMENT (SEK million)</b>	<b>OCTOBER – DECEMBER 2020</b>	<b>OCTOBER – DECEMBER 2019</b>	<b>JANUARY – DECEMBER 2020</b>	<b>JANUARY – DECEMBER 2019</b>
Net sales	19.2	9.5	80.2	42.6
Production cost	-	-	-	-
<b>Gross result</b>	<b>19.2</b>	<b>9.5</b>	<b>80.2</b>	<b>42.6</b>
Administrative expenses	-15.5	-9.8	-56.1	-43.8
Depreciation	-2.1	-	-7.1	-
<b>Operating result</b>	<b>1.6</b>	<b>-0.3</b>	<b>17.0</b>	<b>-1.2</b>
Financial net	2.5	3.5	-36.6	-39.1
- whereof Secured bonds	-9.4	-9.2	-38.2	-64.5
- whereof Shareholder loans	-3.0	-2.7	-11.7	-14.8
- whereof Dividends	12.8	14.9	12.8	38.7
<b>Result before tax</b>	<b>4.1</b>	<b>3.2</b>	<b>-19.6</b>	<b>-40.3</b>
Appropriations	30.7	54.6	30.7	54.6
Tax	-8.2	-20.6	-3.1	-6.2
<b>Net result</b>	<b>26.6</b>	<b>37.2</b>	<b>8.0</b>	<b>8.1</b>

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>OCTOBER – DECEMBER 2020</b>	<b>OCTOBER – DECEMBER 2019</b>	<b>JANUARY – DECEMBER 2020</b>	<b>JANUARY – DECEMBER 2019</b>
Net Result	26.6	37.2	8.0	8.1
<b>Comprehensive income for the period</b>	<b>26.6</b>	<b>37.2</b>	<b>8.0</b>	<b>8.1</b>

For the parent company, the fourth quarter resulted in a profit after tax of SEK 26.6 million, which can be compared with SEK 37.2 million for the same quarter in 2019. In total, the parent company received dividends of SEK 12.8 million (14.9) and group contributions of SEK 30.7 million (54.6) 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**

	31 DEC 2020	31 DEC 2019
<b>Assets</b>		
<i>Non-current assets</i>		
Intangible assets	95.6	60.5
Shares in subsidiaries	684.1	684.1
Deferred tax assets	11.0	14.0
<b>Sum of Non-current assets</b>	<b>790.7</b>	<b>758.6</b>
<i>Current assets</i>		
Prepaid expenses & Accrued revenues	0.3	0.1
Other receivables	127.4	86.1
Cash & bank	0.7	29.4
<b>Sum of Current assets</b>	<b>128.4</b>	<b>115.6</b>
<b>Sum of Total Assets</b>	<b>919.1</b>	<b>874.2</b>
<b>Equity</b>	<b>69.2</b>	<b>61.2</b>
<b>Liabilities</b>		
<i>Non-current liabilities</i>		
Long-term interest-bearing liabilities	544.6	541.4
Subordinated liabilities	235.6	228.0
<b>Sum of Non-current liabilities</b>	<b>780.2</b>	<b>769.4</b>
<i>Current liabilities</i>		
Accrued expenses & deferred revenues	14.8	9.7
Other liabilities	54.9	33.9
<b>Sum of Current liabilities</b>	<b>69.7</b>	<b>43.6</b>
<b>Total liabilities</b>	<b>849.9</b>	<b>813.0</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>919.1</b>	<b>874.2</b>

**PARENT COMPANY STATEMENT OF CHANGES IN EQUITY**

<b>CHANGES IN EQUITY</b>		
<b>(SEK million)</b>		
	31 DEC 2020	31 DEC 2019
<b>Equity at the beginning of the period</b>	<b>61.2</b>	<b>53.1</b>
Comprehensive income for the period	8.0	8.1
<b>Equity at the end of the period</b>	<b>69.2</b>	<b>61.2</b>

## **NOTE 1 GENERAL INFORMATION**

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

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

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

## **NOTE 2 ACCOUNTING PRINCIPLES**

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

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

## **NOTE 3 RISKS**

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

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

<b>NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)</b>	<b>OCTOBER – DECEMBER</b>	<b>OCTOBER – DECEMBER</b>	<b>JANUARY – DECEMBER</b>	<b>JANUARY – DECEMBER</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Sweden	95.8	126.5	393.6	468.9
Norway	32.5	34.9	133.3	157.7
Finland	34.2	29.2	134.2	136.8
Denmark	19.2	15.0	67.7	62.3
<b>Total Net Sales from external clients by region</b>	<b>181.7</b>	<b>205.6</b>	<b>728.8</b>	<b>825.7</b>

<b>NET SALES DIVIDED BY SERVICE (SEK million)</b>	<b>OCTOBER – DECEMBER</b>	<b>OCTOBER – DECEMBER</b>	<b>JANUARY – DECEMBER</b>	<b>JANUARY – DECEMBER</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Debt Collection	127.1	132.7	468.0	536.7
Payment- and message services	34.6	28.2	112.5	109.6
Accounts Receivable	7.1	32.2	98.8	130.9
Credit Decision	12.9	12.5	49.5	48.5
<b>Total Net Sales</b>	<b>181.7</b>	<b>205.6</b>	<b>728.8</b>	<b>825.7</b>

All revenue is recognized at a specific point in time.

<b>OPERATING RESULT (SEK million)</b>	<b>OCTOBER – DECEMBER</b>	<b>OCTOBER – DECEMBER</b>	<b>JANUARY – DECEMBER</b>	<b>JANUARY – DECEMBER</b>
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Sweden	11.6	27.6	31.6	71.6
Norway	9.3	7.5	32.8	38.1
Finland	8.3	8.7	30.3	32.2
Denmark	6.0	-1.2	11.7	1.0
Group items and eliminations	-5.3	-7.3	-27.7	-29.9
<b>Operating result per region</b>	<b>29.9</b>	<b>35.3</b>	<b>78.7</b>	<b>113.0</b>
Financial net	-11.0	-12.5	-54.0	-83.5
Tax	-5.3	-15.8	-7.0	-17.9
<b>Net Result</b>	<b>13.6</b>	<b>7.0</b>	<b>17.7</b>	<b>11.6</b>

**NOTE 5 RELATED PARTY TRANSACTIONS**

Legres AB (publ) has received Shareholder Loan from Legres Holding AB which as of the balance sheet date amounts to SEK 152.2 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**

Classification (SEK million)	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
2020-12-31				
<b>Financial assets</b>				
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
<b>Total</b>		<b>397.2</b>		<b>397.2</b>
<b>Financial liabilities</b>				
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
<b>Total</b>		<b>1 011.6</b>		<b>1 011.6</b>

Classification (SEK million)	Fair value via P&L	Amortized cost via P&L	Fair value via OCI	Total
2019-12-31				
<b>Financial assets</b>				
Other long-term receivables		7.1		7.1
Accounts Receivable		60.0		60.0
Prepaid expenses & accrued revenues		43.0		43.0
Other receivables		106.1		106.1
Cash & bank		186.6		186.6
<b>Total</b>		<b>402.8</b>		<b>402.8</b>
<b>Financial liabilities</b>				
Long-term interest-bearing liabilities		541.4		541.4
Subordinated debt		140.5		140.5
Lease liabilities		112.6		112.6
Accounts Payable		35.1		35.1
Accrued expenses & deferred revenues		96.0		96.0
Other current liabilities		87.8		87.8
<b>Total</b>		<b>1 013.4</b>		<b>1 013.4</b>

## 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.