

# **YEAR-END**

# **ANNOUNCEMENT**

**January – December 2018**

**Legres AB (publ)**

**559085-4773**

**Published February 28, 2019**

## INTERIM REPORT JANUARY – DECEMBER 2018

### SUMMARY: OCTOBER – DECEMBER 2018 COMPARED TO OCTOBER – DECEMBER 2017

- Net sales amounted to SEK 220.1 million (194.8 million)
- Operating result amounted to SEK 38.9 million (6.3 million)
- Net result amounted to SEK 16.6 million (-8.1 million)
- Cash flow from operating activities amounted to SEK -6.8 million (47.6 million)

### SUMMARY: JANUARY – DECEMBER 2018 COMPARED TO JANUARY-DECEMBER 2017 (6 months)

- Net sales amounted to SEK 825.4 million (363.2 million)
- Operating result amounted to SEK 136.9 million (32.7 million)
- Net result amounted to SEK 57.6 million (0.0 million)
- Cash flow from operating activities amounted to SEK 41.7 million (22.2 million)

### SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- There were no significant events during the reporting period.

KEY FIGURES (SEK million)	OCTOBER - DECEMBER 2018	JANUARY - DECEMBER 2018	OCTOBER - DECEMBER 2017	JANUARY- DECEMBER 2017
Net sales	220.1	825.4	194.8	363.2
EBITDA	51.0	184.5	22.5	52.3
Adjusted EBITDA	51.0	161.4	36.0	66.7
Operating result	38.9	136.9	6.3	32.7
Net result	16.6	57.6	-8.1	0.0
Interest coverage ratio	3.98x	3.98x	3.6x	3.6x
Net interest bearing debt to EBITDA	1.92x	1.92x	2.4x	2.4x
Cash and cash equivalents	217.5	217.5	297.7	297.7

*The acquisition of the Sergel companies was completed on 30 June 2017. Therefore, the comparison figures for 2017 contain only the period of July – December.*

### SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place 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 have almost 350 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 SMS- and Voice-services.

## COMMENTS FROM THE CEO

It always feels extra satisfying to present a quarter that exceeds expectations. Both revenues and earnings increased during the fourth quarter, mainly as a result of strong developments in Finland and Norway, but Sweden and Denmark also outperformed forecast. Revenues for the fourth quarter amounted to SEK 220.1 million, compared with SEK 194.8 million for the corresponding quarter in 2017. Profit after tax for the fourth quarter amounted to SEK 16.6 million (SEK -8.1 million). On a full-year basis, net sales amounted to SEK 825.4 million, compared with SEK 363.2 million for 2017. However, as the consolidation of the Sergel companies took place on June 30, 2017, only the second half of 2017 is included in the comparison figures. If the figures for 2017 are converted to full-year pro rata figures, the growth in net sales for 2018 amounts to 14%, which is a sign of strength. It is also very satisfying that our business segment Connect, which provides SMS and messaging services, grew during the quarter.

As a newly formed group, we are in the midst of an intensive and very exciting period of change relating to the long-term goal of transforming four separate companies in Sweden, Norway, Denmark and Finland into one strong Nordic player with a comprehensive offering. This means that customers with operations in more than one of the Nordic countries can use us in all markets and thus get synergy effects. With our flexible solutions, we help our customers reach their business goals in the most efficient way.

An important part of this work is to create a common IT platform, including a new collection system. This work continued with unabated effort during the quarter. Equally important is the work being done to create a corporate culture and a common view of who we are, what we stand for and where we are going. Much of the culture is housed in Sergels' long-established values and customer promise "We Care", which is about having a humane, friendly and helpful attitude towards each other at the workplace and towards our customers and debtors. During the quarter, work began on developing a common mission, vision and business concept and strategy for Sergel in the Nordic region.

Another key part of establishing a joint Nordic offering is to create a central organization for the development of the business. During the quarter, key personnel were recruited within, among others, legal and HR.

We are now looking forward to deepen our relations with our existing customers in the coming quarters and to manage their trust in the best possible way, while at the same time increasing activity in the market and establishing new and exciting customer relationships

Isak Åsbrink  
CEO  
Legres AB (Publ)

**GROUP FINANCIALS**

<b>GROUP FINANCIALS (SEK million)</b>	<b>OCTOBER - DECEMBER 2018</b>	<b>JANUARY - DECEMBER 2018</b>	<b>OCTOBER - DECEMBER 2017</b>	<b>JANUARY- DECEMBER 2017</b>
Net sales	220.1	825.4	194.8	363.2
EBITDA	51.0	184.5	22.5	52.3
Adjusted EBITDA	51.0	184.5	36.0	66.7
Operating result	38.9	136.9	6.3	32.7
Financial net	-15.1	-60.4	-14.6	-29.3
Tax	-7.2	-18.9	0.3	-3.4
Net result	16.6	57.6	-8.1	0.0
Average no of employees	359.5	351.0	322.0	322.0

*The acquisition of the Sergel companies was completed on 30 June 2017. Therefore, the comparison figures for 2017 contain only the period of July – December.*

**INCOME AND EARNINGS**

The Group's net sales in the fourth quarter amounted to SEK 220.1 million, which is an improvement by 3 % compared to the previous quarter and 13 % compared to the corresponding quarter 2017. The operating result for the fourth quarter was SEK 38.9 million, which is SEK 15.5 million higher than the third quarter and 32.6 million than the fourth quarter 2017. Strong development in Finland and Norway were the main contributors.

For the period of January –December, net sales amounted to SEK 825.4 million. As the Sergel companies were consolidated for the first time on 30 June 2017, a comparison can only be made with the third and fourth quarters 2017. Net sales for these two quarters amounted to 363.2 million. The operating result for January – December 2018 amounted to SEK 136.9 million compared to 32.7 million for the second half of 2017.

For the parent company, the fourth quarter produced a profit after tax of SEK 38.0 million compared to SEK -11.0 million for the same quarter in 2017. In total, the parent company received dividends of SEK 52.1 million in the fourth quarter. The Parent Company does not conduct its own business operations and the revenues consist mainly of dividends.

For the period January - December, the Parent Company's earnings amounted to SEK 23.9 million, compared with SEK 28.7 million for the last two quarters 2017.

**FINANCIAL NET**

The Group's financial net in the fourth quarter amounted to SEK -15.1 million whereof financial costs for Bonds amounted to SEK -10.2 million and financial costs for Shareholder Loan amounted to SEK -4.5 million.

The interest on the Bonds is set to a floating rate of three-month STIBOR with floor at 0.00 per cent plus a margin of 7.25 per cent per annum and will be paid on quarterly basis. The Bonds matures on December 29, 2020. The interest on the Shareholder Loan is set to 8.00 per cent per annum. The interest on the Shareholder Loan should be paid on the date following the full redemption of the Bonds.

**TAX**

The Group's tax expense for the third quarter amounted to SEK -7.2 million. The Group's earnings were charged with an effective tax rate of 30.3%.

**PENSION LIABILITY**

The pension liability in Sergel Kreditjänster AB relates to the ITP2 pension plan, which is secured through a pension foundation (Sw. pensionsstiftelse), and credit insurance with PRI Pensionsgaranti. Furthermore, Sergel Kreditjänster AB shares in Telia's pension foundation. The net pension liability per 31 December amounted to SEK 38.1 million including special salary tax, which can be compared to SEK 166.0 million per 31 December 2017. The size of the decrease can be attributed to the partial redemption of SEK 116.8 million carried out in July and August. This means that a large part of the pension liability in the balance sheet was replaced by purchasing insurance with Alecta to cover the historic earnings for pensions.

**CASH FLOW**

<b>CASH FLOW (SEK million)</b>	<b>OCTOBER- DECEMBER 2018</b>	<b>JANUARY- DECEMBER 2018</b>	<b>OCTOBER- DECEMBER 2017</b>	<b>JANUARY- DECEMBER 2018</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>221.7</b>	<b>297.7</b>	<b>247.0</b>	<b>0.5</b>
Cash flow from operating activities	-6.8	41.7	47.6	22.2
Cash flow from investing activities	-8.7	-8.7	0.0	-401.0
Cash flow from financing activities	-	-116.8	0.0	675.0
<b>Cash flow for the period</b>	<b>-15.5</b>	<b>-83.8</b>	<b>47.6</b>	<b>296.7</b>
Exchange rates	11.3	3.6	3.1	1.0
<b>Cash and cash eq. at the end of the period</b>	<b>217.5</b>	<b>217.5</b>	<b>297.7</b>	<b>297.7</b>

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

**Interest Coverage Ratio** is included in the maintenance test that, according to the Bonds 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 2018</b>	<b>30 Jun 2018</b>	<b>31 Dec 2017</b>
Adjusted EBITDA on rolling twelve months	161.4	141.7	147.0
Adjusted Net Finance charges on rolling twelve months	40.6	40.4	40.9
<b>Interest Coverage Ratio</b>	<b>3.98x</b>	<b>3.51x</b>	<b>3.59x</b>

**Net Interest Bearing Debt to EBITDA** is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis. The indicator must not exceed 3.75x.

<b>NET INTEREST BEARING DEBT TO EBITDA (SEK million)</b>	<b>31 Dec 2018</b>	<b>30 June 2018</b>	<b>31 Dec 2017</b>
Net interest bearing debt	310.6	307.7	358.7
Adjusted EBITDA on rolling twelve months	161.4	141.7	147.0
<b>Net interest bearing debt to EBITDA</b>	<b>1.92x</b>	<b>2.17x</b>	<b>2.44x</b>

**Cash and cash equivalents** are included in the maintenance test that, according to the Bonds 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 217.5 million per 31 December 2018 (SEK 336.3 million per 30 June 2018 and SEK 297.7 million per 31 December 2017).

## **PUBLICATION OF FINANCIAL INFORMATION**

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

The interim report for the first quarter 2019 will be published on 30 May 2019

The interim report for the second quarter 2019 will be published on 29 August 2019

The interim report for the third quarter 2019 will be published on 29 November 2019

The Board of Directors provide their assurance that this Year-end announcement 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 28, 2019

Ewa Glennow  
*Chairman of the Board*

Charlotte Strandberg  
*Board Member*

Per Örtlund  
*Board Member*

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

### **CONTACT DETAILS**

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**GROUP FINANCIAL STATEMENTS****GROUP INCOME STATEMENT IN SUMMARY**

<b>INCOME STATEMENT (SEK million)</b>	<b>OCTOBER - DECEMBER 2018</b>	<b>JANUARY - DECEMBER 2018</b>	<b>OCTOBER- DECEMBER 2017</b>	<b>JANUARY - DECEMBER 2017</b>
Net sales	220.1	825.4	194.8	363.2
Production cost	-142.2	-540.4	-155.0	-267.5
<b>Gross result</b>	<b>77.9</b>	<b>285.0</b>	<b>39.8</b>	<b>95.7</b>
Administrative expenses	-39.0	-148.1	-24.0	-53.5
Other operating income				
Other operating costs			-9.5	-9.5
<b>Operating result</b>	<b>38.9</b>	<b>136.9</b>	<b>6.3</b>	<b>32.7</b>
Financial net	-15.1	-60.4	-14.6	-29.3
- <i>whereof contemplated</i>				
<i>Bonds</i>	-10.2	-40.6	-10.3	-20.4
- <i>whereof Shareholder</i>				
<i>loans</i>	-4.5	-17.4	-4.2	-8.3
<b>Result before tax</b>	<b>23.8</b>	<b>76.5</b>	<b>-8.3</b>	<b>3.4</b>
Tax	-7.2	-18.9	0.3	-3.4
<b>Net result</b>	<b>16.6</b>	<b>57.6</b>	<b>-8.1</b>	<b>0.0</b>

The acquisition of the Sergel companies was completed on 30 June 2017. Therefore, the comparison figures for 2017 contain only the period of July – September.

**GROUP STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>OCTOBER - DECEMBER 2018</b>	<b>JANUARY - DECEMBER 2018</b>	<b>OCTOBER - DECEMBER 2017</b>	<b>JANUARY - DECEMBER 2017</b>
<b>Net Result</b>	<b>16.6</b>	<b>57.6</b>	<b>-8.1</b>	<b>2.9</b>
<b>Items that can be reclassified into profit and loss</b>				
Currency translation differences	-8.6	4.1	-0.4	-0.8
Re-evaluation of pensions liability	-10.5	-25.0	-	3.8
Tax effect re-evaluation of pensions liability	2.3	5.5	-	-0.8
<b>Total other comprehensive income</b>	<b>-16.8</b>	<b>-15.4</b>	<b>-0.4</b>	<b>2.2</b>
<b>Comprehensive income for the period</b>	<b>-0.2</b>	<b>42.2</b>	<b>-8.5</b>	<b>2.2</b>



**GROUP BALANCE SHEET IN SUMMARY**

<b>BALANCE SHEET</b> <b>(SEK million)</b>	31 Dec 2018	31 Dec 2017
<b>Assets</b>		
<i>Non-current assets</i>		
Intangible assets	321.5	355.3
Goodwill	302.4	302.4
Property, plant and equipment	6.0	3.6
Other long-term receivables	6.3	5.8
Deferred tax assets	31.7	27.7
<b>Sum of Non-current assets</b>	<b>667.9</b>	<b>694.8</b>
<i>Current assets</i>		
Accounts Receivables	69.7	76.8
Prepaid expenses & accrued revenues	43.9	43.5
Other receivables	68.9	103.0
Cash & bank	217.5	297.7
<b>Sum of Current assets</b>	<b>400.0</b>	<b>521.0</b>
<b>Sum of Total Assets</b>	<b>1 067.9</b>	<b>1 215.8</b>
<b>Equity</b>		
<b>Liabilities</b>	<b>44.9</b>	<b>2.7</b>
<i>Non-current liabilities</i>		
Provisions for pensions	38.1	166.0
Long interest-bearing liabilities	479.5	476.8
Subordinated liabilities	225.7	208.4
Deferred tax liabilities	74.6	76.9
<b>Sum of Non-current liabilities</b>	<b>817.9</b>	<b>928.1</b>
<i>Current liabilities</i>		
Accounts payable	35.0	55.7
Current tax liabilities	16.4	46.9
Deferred revenues & accrued expenses	80.2	89.3
Other liabilities	73.5	93.1
<b>Sum of Current liabilities</b>	<b>205.1</b>	<b>285.0</b>
<b>Total liabilities</b>	<b>1 023.0</b>	<b>1 213.1</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>1 067.9</b>	<b>1 215.8</b>

**GROUP STATEMENT OF CHANGES IN EQUITY IN SUMMARY**

<b>CHANGES IN EQUITY</b> <b>(SEK million)</b>	31 Dec 2018	31 Dec 2017
<b>Equity at the beginning of the period</b>	<b>2.7</b>	<b>0.5</b>
Net result for the period	42.2	2.2
<b>Equity at the end of the period</b>	<b>44.9</b>	<b>2.7</b>

**GROUP CASH FLOW STATEMENT IN SUMMARY**

<b>CASH FLOW (SEK million)</b>	<b>OCTOBER - DECEMBER 2018</b>	<b>JANUARY – DECEMBER 2018</b>	<b>OCTOBER - DECEMBER 2017</b>	<b>JANUARY - DECEMBER 2017</b>
<b><i>Operating activities</i></b>				
Result before tax	23.8	76.5	-8.3	6.4
Adjustments – items not included in the cash flow	-12.8	-0,3	21.7	27.1
-whereof depreciation and impairment of assets	12.0	47.6	16.2	16.6
-capitalized and accrued interest	4.5	17.3	4.2	8.3
-Reevaluation of net pension liabilities	0.2	-17,7	-	-
-Taxes paid	-31.4	-30,5	1,3	2.2
-other	1.9	-17.0	-	-
<b><i>Cash flow from operating activities before change in working capital</i></b>	<b>11.0</b>	<b>-30.5</b>	<b>13.4</b>	<b>33.5</b>
Other operating assets (incr - / decr+)	27.7	26.4	-12.7	-80.7
Other operating liabilities (incr - / decr+)	-45.5	-61.0	46.9	69.4
<b><i>Cash flow from operating activities</i></b>	<b>-6.8</b>	<b>41.6</b>	<b>47.6</b>	<b>22.2</b>
<b><i>Investing activities</i></b>				
Acquisitions/divestments of subsidiaries	-	-	-	-401.0
Acquisition of intangible assets	-6.3	-6.3	-	-
Acquisition of tangible assets	-2.4	-2.4	-	-
<b><i>Cash flow from investing activities</i></b>	<b>-8.7</b>	<b>-8.7</b>	<b>-</b>	<b>-401.0</b>
<b><i>Financing activities</i></b>				
Received bond funding	-	-	-	490.0
Received shareholder loan	-	-	-	200.0
Paid bond transaction fees	-	-	-	-15.0
Payment of net pension liabilities	-	-116.8	-	-
	<b>0.0</b>	<b>-116.8</b>	<b>-</b>	<b>675.0</b>
<b><i>Cash flow from Financing activities</i></b>				
<b>Cash flow for the period</b>	<b>-15.5</b>	<b>-83.9</b>	<b>47.6</b>	<b>296.2</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>221.7</b>	<b>297.8</b>	<b>247.0</b>	<b>0.5</b>
Exchange rate difference in cash and cash equivalents	11.3	3.6	3.1	1.0
<b>Cash and cash equivalents at the end of the period</b>	<b>217.5</b>	<b>217.5</b>	<b>297.7</b>	<b>297.7</b>

**PARENT COMPANY FINANCIAL STATEMENTS****PARENT COMPANY INCOME STATEMENT IN SUMMARY**

<b>INCOME STATEMENT (SEK million)</b>	<b>OCTOBER - DECEMBER 2018</b>	<b>JANUARY - DECEMBER 2018</b>	<b>OCTOBER - DECEMBER 2017</b>	<b>JANUARY - DECEMBER 2017</b>
Net sales	15.4	47.7	3.5	3.5
Production cost	-	-	-	-
<b>Gross result</b>	<b>15.4</b>	<b>47.7</b>	<b>3.5</b>	<b>3.5</b>
Other administrative expenses	-18.7	-52.2	-4.1	-5.0
<b>Operating result</b>	<b>-3.3</b>	<b>-4.5</b>	<b>-0.6</b>	<b>-1,5</b>
Financial net	37.3	14.6	-13.5	23.7
- whereof contemplated bonds	-10.3	-40.6	-10.3	-20.4
- whereof shareholder loans	-4.4	-17.4	-4.2	-8.4
- whereof dividends	52.1	72.7	-	51.5
<b>Result before tax</b>	<b>34.0</b>	<b>10.1</b>	<b>-14.1</b>	<b>22.2</b>
Tax	4.0	13.8	3.1	6.5
<b>Net result</b>	<b>38.0</b>	<b>23.9</b>	<b>-11.0</b>	<b>28.7</b>

**PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY**

<b>COMPREHENSIVE INCOME (SEK million)</b>	<b>OCTOBER - DECEMBER 2018</b>	<b>JANUARY - DECEMBER 2018</b>	<b>OCTOBER- DECEMBER 2017</b>	<b>JANUARY - DECEMBER 2017</b>
Net Result	38.0	23.9	-11.0	28.7
<b>Comprehensive income for the period</b>	<b>38.0</b>	<b>23.9</b>	<b>-11.0</b>	<b>28.7</b>

**PARENT COMPANY BALANCE SHEET IN SUMMARY**

BALANCE SHEET (SEK million)	31 Dec 2018	31 Dec 2017
<b>Assets</b>		
<i>Non-current assets</i>		
Shares in subsidiaries	6.3	-
Deferred tax assets	684.1	684.1
<i>Sum of Non-current assets</i>	<b>710.6</b>	<b>690.6</b>
<i>Current assets</i>		
Prepaid expenses & accrued revenues	-	-
Other receivables	32.4	10.3
Cash & bank	25.0	33.0
<i>Sum of Current assets</i>	<b>57.4</b>	<b>43.3</b>
<b>Sum of Total Assets</b>	<b>768.0</b>	<b>733.9</b>
<b>Equity</b>	<b>53.1</b>	<b>29.2</b>
<b>Liabilities</b>		
<i>Non-current liabilities</i>		
Long interest-bearing liabilities	479.5	476.8
Subordinated liabilities	225.8	208.3
<i>Sum of Non-current liabilities</i>	<b>705.3</b>	<b>685.1</b>
<i>Current liabilities</i>		
Deferred revenues & accrued expenses	4.7	0.4
Other liabilities	4.9	19.2
<i>Sum of Current liabilities</i>	<b>9.6</b>	<b>19.6</b>
<b>Total liabilities</b>	<b>714.9</b>	<b>704.7</b>
<b>Sum of Total Liabilities &amp; Equity</b>	<b>768.0</b>	<b>733.9</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.

In accordance with the articles of association of the company, adopted on April 27, 2017, 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 receivables, debt collections and SMS- and Voice 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.

With the exceptions of IFRS 9 and IFRS 15, the group applies the same accounting principles as stated in the annual accounts for 2017. However, both IFRS 9 and 15 contain significant disclosure requirements which will be applied for the first time in the annual report for 2018.

IFRS 9 Financial Instruments came into force January 1 2018. The group has elected to not apply the standard retroactively. The transition to IFRS 9 has not caused any material effects on the financial reports of the group. According to IAS 39, all financial instruments were classified as loans and receivables or other liabilities, and were therefore valued according to amortized cost. For IFRS 9, all financial instruments are categorized and valued according to amortized cost via the income statement. Thus, there are no differences compared to 2017. A model for calculating expected credit losses has also been implemented but has not had any material effects on the group financial statements.

IFRS 15 also came into force on January 1, 2018. The group has elected to apply the simplified transition method, meaning that no restatement will be performed for previous years. The transition to IFRS 15 has not caused any material effects regarding identification of performance obligations, allocation of transaction prices to performance obligations or to the timing of revenue recognition when performance obligations have been fulfilled. Therefore, the effects on revenue recognition of IFRS 15 are very limited.

On January 1, 2019, IFRS 16 enters into force. The standard sets out the principles for accounting, valuation, presentation and disclosure of leasing agreements. The new standard significantly changes how lessees should report lease agreements. The standard removes the lessee's requirement to distinguish between financial and operational leasing agreements and requires that lessees report assets and leasing liabilities for the vast majority of leasing agreements in the balance sheet. In the income statement, administrative expenses are replaced by depreciation of the assets and interest expenses on the lease liabilities. For lessors, the requirements are largely unchanged and the requirement for separation between financial and operational leases is retained.

The Legres Group will report the transition to IFRS 16 in accordance with the simplified method, which entails application from January 1, 2019 without recalculation of comparative figures. For all leases where the Group operates as a lessee, a leasing liability and a right of use are reported in the balance sheet. However, according to IFRS 16, the Group has chosen to apply the exceptions that leases with a lease term of 12 months or

shorter, or where the underlying asset is of low value, will be reported as expenses in the income statement. The leasing liabilities are initially calculated at the transition to the present value of future lease payments, discounted using the marginal loan interest rate on the introduction on January 1, 2019. The right of use asset will initially be reported at a value corresponding to the leasing debt, adjusted for any prepaid or accrued lease payments.

The introduction of IFRS 16 means that tangible fixed assets relating to rights of use will increase by SEK 123.1 million and that other liabilities therefore will increase by the same amount.

### NOTE 3 RISKS

The group annual report describes the risks per 31 December 2017 and contains sensitivity analyses. It is the view of the group that the risks have not changed in any material way during 2018.

### NOTE 4 SEGMENT INFORMATION

#### GROUP SEGMENT INFORMATION IN SUMMARY

NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)	OCTOBER - DECEMBER 2018	JANUARY - DECEMBER 2018	OCTOBER - DECEMBER 2017	JANUARY - DECEMBER 2017
Sweden	118.0	454.8	112.5	211.1
Norway	41.3	169.0	36.3	70.2
Finland	44.8	139.5	32.2	54.4
Denmark	16.0	62.1	13.8	27.5
<b>Total Net sales from external clients by region</b>	<b>220.1</b>	<b>825.4</b>	<b>194.8</b>	<b>363.2</b>

NET SALES DIVIDED BY SERVICE (SEK million)	OCTOBER - DECEMBER 2018	JANUARY - DECEMBER 2018
Debt Collection	151.4	554.5
SMS- and Voice services	29.9	116.8
Accounts receivables	32.8	132.1
Credit Decision	6.0	22.0
<b>Total net sales</b>	<b>220.1</b>	<b>825.4</b>

All revenue is recognized at a specific point in time.

RÖRELSERESULTAT (SEK million)	OCTOBER - DECEMBER 2018	JANUARY - DECEMBER 2018	OCTOBER - DECEMBER 2017	JANUARY - DECEMBER 2017
Sweden	11.5	44.9	7.4	3.9
Norway	7.7	53.8	0.6	19.3
Finland	17.3	33.6	0.6	7.6
Denmark	2.4	4.6	-2.3	1.9
<b>Operating result per region</b>	<b>38.9</b>	<b>136.9</b>	<b>6.3</b>	<b>32.7</b>
Financial net	-15.1	-60.4	-14.6	-29.3
Tax	-7.2	-18.9	0.3	-3.4
<b>Net result</b>	<b>16.6</b>	<b>57.6</b>	<b>-8.1</b>	<b>0.0</b>

**NOTE 5 RELATED PARTY TRANSACTIONS**

Legres AB (publ) has received Shareholder Loan from Legres Holding AB with nominal amount of SEK 200.0 million in connection with the acquisition of Sergel Companies. The interest on the subordinated loan is set to 8.00 % and is capitalized until full redemption of the Bonds.

**NOTE 6 CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES****IFRS 9**

<b>Classification (SEK million)</b>	<b>Fair value via P&amp;L</b>	<b>Amortized cost via P&amp;L</b>	<b>Fair value via OCI</b>	<b>Total</b>
2018-12-31				
<b>Financial assets</b>				
Other long-term receivables		6.3		6.3
Accounts receivables		69.7		69.7
Other receivables		68.9		68.9
Cash & bank		217.5		217.5
<b>Total</b>		<b>362.4</b>		<b>362.4</b>
<b>Financial liabilities</b>				
Long interest-bearing liabilities		479.5		479.5
Subordinated debt		225.7		225.7
Accounts Payable		35.0		35.0
Other current liabilities		73.5		73.5
Deferred revenues & accrued expenses				
<b>Total</b>		<b>80.2</b>		<b>80.2</b>
		<b>893.9</b>		<b>893.9</b>

**IAS 39**

<b>Classification (SEK million)</b>	<b>Fair value P&amp;L</b>	<b>Fair value P&amp;L</b>	<b>Loans &amp; receivables</b>	<b>Other liabilities</b>	<b>Total</b>
2017-12-31					
<b>Financial assets</b>					
Other long-term receivables			5.8		5.8
Accounts receivables			76.8		76.8
Prepaid expenses & accrued revenues			43.5		43.5
Other receivables			103.0		103.0
Cash & bank			297.7		297.7
<b>Total</b>			<b>526.8</b>		<b>526.8</b>
<b>Financial liabilities</b>					
Long interest-bearing liabilities				476.8	476.8
Subordinated debt				208.4	208.4
Advance payments from customers				1.4	1.4
Accounts payable				54.3	54.3
Other current liabilities				93.1	93.1
Deferred revenues & accrued expenses				89.3	89.3
<b>Total</b>				<b>923.3</b>	<b>923.3</b>

## DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

"**Adjusted EBITDA**" means EBITDA excluding Non-recurring items. The measure is disclosed since the financial covenants in the group's bond 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 Transaction Cost. Disclosed 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. 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, acquisition and divestment expenses. The term is described as the financial covenants of the issued bond are to be adjusted by certain types of non-recurring items.