

INTERIM REPORT

JANUARY – JUNE 2023

Legres AB (publ)

559085-4773

Published, August 30, 2023

INTERIM REPORT JANUARY – JUNE 2023

APRIL – JUNE 2023

- Net sales amounted to SEK 178.9 million (175.3)
- Operating profit amounted to SEK 14.1 million (4.9)
- Net loss amounted to SEK - 10.2 million (-11.1)
- Cash flow from operating activities amounted to SEK million 4.5 (3.5)

JANUARY – JUNE 2023

- Net sales amounted to SEK 355.2 million (361.0)
- Operating profit amounted to SEK 30.3 million (20.2)
- Net result amounted to SEK -11.2 million (-13.3)
- Cash flow from operating activities amounted to SEK 17.4 million (37.9)

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- In January and April 2023, amortization of the secured bond loan has taken place with a total of SEK 25 million.
- On June 30, 2023, Legres AB (publ) signed a new senior secured bond of SEK 325 million to be able to repay the existing covered bond when it matures on July 9, 2023. The transaction was well oversubscribed and attracted broad interest from both Nordic and international institutional investors. The new bonds will have a floating rate coupon of 3 months STIBOR + 9.00 percent per annum and the final maturity date will be December 30, 2025.
- In connection with the refinancing in June 2023, Legres AB (publ) has signed an additional SEK 35 million in subordinated bonds, which now amount to SEK 75 million.

KEY FIGURES (SEK million)	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY- JUNE 2023	JANUARY– JUNE 2022
Net sales	178.9	175.3	355.2	361.0
EBITDA	28.4	21.5	59.4	53.5
Justerad EBITDA	23.9	16.2	50.0	42.8
Operating income	14.1	4.9	30.3	20.2
Profit after tax	- 10.2	- 11.1	- 11.2	- 13.3
Cash flow from operating activities	4.5	3.5	17.4	37.9
Interest coverage ratio	2.78x	2.92x	2.78x	2.92x
Interest-bearing net debt to EBITDA	2.89x	3.26x	2.89x	3.26x
Cash and cash equivalents	383.4	124.0	383.4	124.0

See page 16 for definitions of key ratios

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On the maturity date of July 9, the existing secured bond has been repaid.

Legres AB (publ) has listed the new bonds on Nasdaq Stockholm's corporate bond list.

In addition to the above, no significant events have occurred after the balance sheet date.

ABOUT LEGRES AB (publ)

Legres AB (publ) is the parent company of the Sergel companies in the Nordic region. Sergel Kreditjänster AB in Sweden, Sergel Oy in Finland, Sergel Norge AS in Norway and Sergel A/S in Denmark. The average number of employees in Sergel companies as of June was 282 (310). The Sergel companies market services within credit scoring, account receivables, debt collection and payment- and message services (Connect).

A word from the CEO

The second quarter of 2023 is characterized by high activity in all markets with a major focus on both new sales and further development of business and relationships with existing customers. We also continue to develop our products and services as our customers' needs and our environment changes. We thus become an increasingly important strategic resource that progressively contributes to our customers' business operations in both the short and long term. This work together with good cost control results in increasing operating profit to SEK 14.1 million (4.9) and net sales to SEK 178.9 million (175.3). The numbers speak for themselves and show that our long-term strategy has viability, which was also confirmed by the market and our investors in connection with the fact that on June 30 we issued a bond that was oversubscribed in the prevailing tough market situation. We are of course incredibly proud to have refinanced our existing bond loan and grateful that both existing and new investors have shown us their support in an otherwise uncertain capital market. In early July, our previous bond matured and was settled to investors on July 9, 2023.

Our growth and profitability development is due to positive development in Norway, Denmark and Finland. In Sweden, we see a periodic decline in earnings, which is explained by slightly lower collection volumes as well as non-recurring costs and provisions that burden the quarter. However, we can happily state that our service Connect has a very positive development with several newly signed customer agreements. Thus, Connect has recovered its volume loss from Q1 2023 and is during Q2 2023 back to the levels from Q2 2022 with an expected growth in the coming quarters.

The development in debt collection is also positive and during the quarter we sign several new and larger customer agreements in Denmark and Finland in particular. In Sweden, after the end of the period, we sign an agreement with a significant player on the financial market. In Norway, we see a positive turn, where the existing customers are increasing their volumes with more cases. So overall - a good development in all markets.

During the quarter, we continued to work on optimizing the cost side. We continue to streamline our IT infrastructure, which lowers our costs over time. One part of this work was to move our data center to a cloud solution. We also worked further to ensure that our subcontracts are cost-effective and adapted to our needs.

In our endeavor to improve the financial everyday life of both customers and end customers, we are implementing several initiatives during the quarter. Several processes are automated, which simplifies and improves our customers' and end customers' interactions with us. Among other things, it is about getting direct access to debt collection advisers, about improved self-service via the web, about simpler payment solutions and about more channels to get in touch with us, as well as about optimized processes that lead to higher cash flows and better debt recovery. This work is also very important to attract new customers as well as meet the wishes and demands of our existing customers.

In the dialogues I have with employees as well as customers and end customers, I am often reminded of the important societal role the Sergel Group has. In many cases, we help private individuals meet their financial obligations while ensuring that both large and small companies get paid for their products and services. An important job that our employees carry out in a meritorious manner.

/Klaus Reimer

INCOME AND EARNINGS

The group's net sales during the second quarter amounted to SEK 178.9 million (175.3). The growth is explained by a very positive development in Norway, Denmark and Finland for both new and exciting customers. Sweden has a small decline in revenue, driven by lower revenue within Debt Collection, mainly from lower volume of new debt portfolios. After seeing a decline in the Connect business area in the first quarter, revenues during this quarter are back at the same level as last year and are expected to reach growth in the next quarter. We also see a positive development in both production and administration costs, which is partly explained by lower IT costs, rental costs, personnel costs and lower depreciation on surplus values.

The operating profit for the second quarter amounted to SEK 14.1 million (4.9) and is explained by the above.

For the period January-June, turnover amounted to SEK 355.2 million (361.0), which is a decrease of 1.7% compared to the previous year. Operating profit amounted to SEK 30.3 million (20.2). During the first quarter of 2022, a settlement was made with a large customer in Finland, which resulted in a positive impact on turnover and profit of SEK 13 million. Adjusted for this, we see growth in both revenue and profit. This is primarily driven by the positive development in Norway and Denmark.

FINANCIAL NET

The group's financial net during the second quarter amounted to SEK -26.6 million (-17.5), of which financial costs for bond financing are SEK -13.3 million (-10.0) and for shareholder loans SEK -3.7 million (-3.3). The unrealized currency effect is SEK 7.0 million (2.3).

For the first half of the year, the financial net increased largely due to increased STIBOR to SEK -43.8 million (-35.5), of which financial costs for bond financing are SEK -25.0 million (-19.8) and for shareholder loans -7.4 MSEK (-6.5). The unrealized currency effect is SEK 6.2 million (5.3).

The interest rate on the existing bond is variable with a base of three months STIBOR plus a margin of 7.00% per annum. The bond matures on July 9, 2023. The interest rate on the new secured bond is variable with a base of three months STIBOR plus a margin of 9.00% per annum from and including June 30, 2023. The bond matures on December 30, 2025. Coupon is paid quarterly. The interest on the subordinated bond amounts to 9% per annum and the interest on the subordinated owner loan amounts to 8.00% per annum. The interest on the subordinated bond and the subordinated owner's loan must be paid at the earliest on the day following full redemption of the bond.

TAX

The group's tax expense during the second quarter amounted to SEK 2.3 million (1.5) and consisted of current tax of SEK -4.3 million (-3.0) and deferred tax of SEK 6.6 million (4.5). For the first half of the year, the tax expense amounted to SEK 2.3 million (2.0) and consisted of current tax of SEK -7.8 million (-7.6) and deferred tax of SEK 10.1 million (9.6). Tax is paid primarily because the legal companies in each country make a profit and that parts of the interest costs are not deductible due to of the interest rate limitation rules.

CASH FLOW AND FINANCIAL POSITION

On June 30, 2023, a new secured bond of SEK 325 million was signed, of which SEK 45 million of the existing bond was used to pay the new bond. The existing bond thus amounts after this and the two amortizations made during the year to SEK 312.6 million as of June 30, 2023. This was repaid on the due date of July 9, 2023.

In connection with the refinancing, Legres AB (publ) has also signed an additional SEK 35 million in subordinated bonds, which as of June 30, 2023 amounts to a total of SEK 75 million.

During the period April-June, cash flow has increased to SEK 289.5 million (-4.0). This is because the refinancing of the new bond came in already at the end of June and repayment of the existing bond was not made until July 9, 2023.

The working capital is at the same level as the previous year, SEK 4.5 million (3.5).

The cash flow for the period January-June has increased to SEK 280.9 million (23.4) due to the refinancing, offset by the amortization of the bond in January and April and due to a negative development in changes in working capital driven by a one-off effect in Q1 2022.

OTHER FINANCIAL INDICATORS

The interest coverage ratio is included in the maintenance test according to the terms of the Bond and is reported quarterly. The interest coverage ratio shall exceed 2.50x.

INTEREST COVERAGE RATIO (SEK million)	30 JUN 2023	30 JUN 2022	31 DEC 2022
Adjusted EBITDA over last twelve months	88.2	96.9	80.6
Net finance charges over last twelve months	31.7	33.2	29.0
Interest coverage ratio	2.78x	2.92x	2.78x

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

Interest-bearing net debt to EBITDA shall not exceed 3.50x (3.75x for June 30, 2022). Interest-bearing net debt does not include debt relating to a commitment to pay future lease payments in accordance with IFRS 16. in accordance with the terms and conditions of the bonds.

NET INTEREST-BEARING DEBT TO EBITDA (SEK million)	30 JUN 2023	30 JUN 2022	31 DEC 2022
Net interest-bearing debt	254.4	316.0	280.9
Adjusted EBITDA on rolling twelve months	88.2	96.9	80.6
Interest-bearing net debt against EBITDA over last twelve months	2.89x	3.26x	3.49x

Cash and cash equivalents are included in the maintenance test according to the terms of the maintenance test and are reported quarterly. Cash and cash equivalents must amount to at least SEK 20.0 million. Cash and cash equivalents amount to SEK 383.4 million as of 30 June 2023 (SEK 101.8 million as of 31 December 2022. SEK 124.0 million as of 30 June 2022).

Next quarter, these financial metrics will be updated with what applies to the new secured bond.

PUBLICATION OF FINANCIAL INFORMATION

Interim reports and other published financial information can be found on Legres AB (publ)'s website at www.sergel.com/press.

A presentation will be held in September and an invitation will be sent in connection with the presentation for the second quarter of 2023.

The interim report for the third quarter 2023 will be preliminarily no later than, November 30, 2023.

The Board of Directors ensures that this interim report gives a true and fair view of the Parent Company's and the Group's operations and that it also describes the main risks facing the Parent Company and the Group.

Stockholm August 30, 2023

Ewa Glennow
Chairman of the Board

Per Örtlund
Board Member

Klaus Reimer
Board Member, Chief Executive Officer

The interim report has not been reviewed by the Group's auditors.

CONTACT DETAILS

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GROUP FINANCIAL STATEMENTS

GROUP INCOME STATEMENT

INCOME STATEMENT (SEK million)	Not	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY– JUNE 2023	JANUARY– JUNE 2022
Net sales	4	178.9	175.3	355.2	361.0
Production costs		-129.5	-131,8	-256.7	-265.0
Gross result		49.4	43.5	98.5	96,0
Administrative costs		-35.3	-38,6	-68.2	-75,8
Operating result		14.1	4.9	30.3	20.2
Financial net		-26.6	-17.5	-43.8	-35.5
- whereof Secured Bonds		-13.3	-10.0	-25.0	-19.8
- whereof Shareholder loans		-3.7	-3.3	-7.4	-6.5
- whereof other		-9.6	-4.2	-11.4	-9.2
Result before tax		-12.5	-12.6	-13.5	-15.3
Tax		2.3	1.5	2.3	2.0
Net Result		-10.2	-11.1	-11.2	-13.3

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

GROUP STATEMENT OF COMPREHENSIVE INCOME

COMPREHENSIVE INCOME (SEK million)	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY - JUNE 2023	JANUARY– JUNE 2022
Net Result	-10.2	-11.1	-11.2	-13.3
Items that can be reclassified into profit and loss				
Currency translation differences	9.2	0.8	5.1	7.9
Items that cannot be reclassified into profit and loss				
Re-evaluation of pensions liability	3.2	11.4	2.4	15.3
Tax effect re-evaluation of pension liability	-0.7	-2.4	-0.5	-3.2
Total other comprehensive income	11.7	9.8	7.0	20.0
Comprehensive income for the period	1.5	-1.3	-4.2	6.7

GROUP BALANCE SHEET

BALANCE SHEET (SEK million)	30 JUNE 2023	30 JUNE 2022	31 DEC 2022
Assets			
<i>Non-current assets</i>			
Goodwill	302.4	302.4	302.4
Other intangible assets	309.6	325.5	319.3
Property, plant and equipment	0.7	1.0	1.2
Right-of-use assets	74.9	85.9	77.7
Other long-term receivables	4.9	5.2	10.9
Deferred tax assets	16.8	15.3	9.2
Sum of Non-current assets	709.4	735.3	720.7
<i>Current assets</i>			
Accounts Receivable	64.6	54.5	54.1
Prepayments and accrued income	52.0	57.1	63.2
Other receivables	78.3	84.8	86.9
Cash and bank	383.4	124.0	101.8
Sum of Current assets	578.3	320.4	306.0
Total assets	1 287.7	1 055.7	1 026.7
Equity	52.1	68.8	56.3
Liabilities			
<i>Long-term liabilities</i>			
Secured bond	314,5	0,0	0,0
Subordinated shareholder loan	185,2	168,1	178,1
Subordinated bond	75,0	0,0	0,0
Long-term lease liabilities	75,9	83,8	77,6
Deferred tax liability	38,1	43,7	39,9
Provisions for pensions	2,7	12,6	7,1
Total long-term liabilities	691,4	308,2	302,7
<i>Current liabilities</i>			
Secured bond	312,6	439,8	384,9
Subordinated bond	0,0	0,0	40,0
Short-term lease liabilities	10,7	12,2	11,3
Tax debts	8,0	4,0	3,5
Accounts payable	66,8	75,0	73,8
Accrued costs and prepaid income	51,7	51,7	54,4
Other debts	94,3	96,0	99,8
Total short-term liabilities	544,2	678,7	667,7
Total liabilities	1 235,6	986,9	970,4
Total Debt and Equity	1 287,7	1 055,7	1 026,7

GROUP STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY (SEK million)	30 JUN 2023	30 JUN 2022	31 DEC 2022
Equity at beginning of period	56.3	62.1	62.1
Comprehensive income for the period	-4.2	6.7	-5.8
Equity at end of period	52.1	68.8	56.3

GROUP CASH FLOW STATEMENT

CASH FLOW (SEK million)	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY– JUNE 2023	JANUARY– JUNE 2022
<i>Operating activities</i>				
Result before tax	-12.5	-12.6	-13.5	-15.3
Adjustments for non-cash items	19.4	12.6	38.5	36.4
-of which depreciation	14.4	16.6	29.1	33.3
-of which capitalized and accrued interest	3.6	-3.0	9.5	1.2
-of which revaluation effects pension	-0.4	-1.0	-1.9	-1.6
-of which other	1.9	0.0	1.9	3.6
Tax paid	-2.8	-2.2	-3.5	-7.8
<i>Cash flow from operating activities before changes in working capital</i>	4.1	-2.2	21.5	13.3
Increase(-)/Decrease(+) in operating receivables	3.5	0.7	7.5	34.4
Increase(+)/Decrease(-) in operating liabilities	-3.1	5.0	-11.6	-9.8
Cash flow from operating activities	4.5	3.5	17.4	37.9
<i>Investing activities</i>				
Investments in intangible assets	-4.5	-3.9	-10.2	-7.4
Investments in tangible fixed assets	0.0	0.0	0.0	0.0
Change in financial assets	6.1	0.0	6.4	0.0
Cash flow from investing activities	1.6	-3.9	-3.8	-7.4
<i>Financing activities</i>				
Other loans raised	298.9	0.0	298.9	0.0
Amortization lease liability	-3.3	-3.6	-6.7	-7.1
Amortization of other loans	-12.2	0.0	-24.9	0.0
Cash flow from financing activities	283.4	-3.6	267.3	-7.1
Cash flow for the period	289.5	-4.0	280.9	23.4
Cash and cash equivalents at beginning of period	92.5	127.6	101.8	99.1
Exchange rate differences	1.4	0.4	0.7	1.5
Cash and cash equivalents at end of period	383.4	124.0	383.4	124.0

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY'S INCOME STATEMENT

INCOME STATEMENT (SEK million)	APRIL– JUNE 2023	APRIL – JUNE 2022	JANUARY– JUNE 2023	JANUARY– JUNE 2022
Net sales	22.8	16.3	44.8	32.5
Gross result	22.8	16.3	44.8	32.5
Administrative costs	-17.4	-13.0	-33.2	-26.1
Depreciation	-5.9	-3.7	-11.9	-7.4
Operating result	-0.5	-0.4	-0.3	-1.0
Net financial items	-26.0	-15.9	-43.1	-32.9
- of which Covered Bond	-13.3	-10.0	-25.0	-19.8
- of which subordinated Shareholder loans	-3.7	-3.3	-7.4	-6.5
- of which other	-9.0	-2.6	-10.7	-6.6
Profit after net financial items	-26.5	-16.3	-43.4	-33.9
Tax	5.5	3.4	9.0	7.0
Profit for the period	-21.0	-12.9	-34.4	-26.9

The parent company does not conduct its own operations but owns the majority of the group's common IT systems, which generates costs and depreciation that are invoiced to the subsidiaries. The income mainly consists of these onward invoicing as well as any dividends and group contributions. The parent company also holds a secured bond, a subordinated bond and a subordinated owner's loan. The interest for subordinated bonds and owner loans may not be paid at the earliest on the day when the secured bond is repaid in full.

For the parent company, the second quarter showed a result after tax of SEK -21.0 million, which can be compared with SEK -12.9 million for the same quarter in 2022. During the quarter, a new secured bond was signed which was partially paid with the existing bond, of which SEK 1.8 million was charged to the result. Depreciation for intangible assets has increased as well as interest costs, which is due to the fact that STIBOR increased significantly compared to last year. Due to the weak Swedish krona, the result has also been burdened with an unrealized exchange rate loss of SEK 4.3 million that arises as a result of loans from the group companies.

PARENT COMPANY BALANCE SHEET

BALANCE SHEET (SEK million)	30 JUN 2023	30 JUN 2022	31 DEC 2022
Assets			
<i>Non-current assets</i>			
Intangible assets	122,0	122,9	124,8
Shares in subsidiaries	684,1	684,2	684,1
Deferred tax assets	17,0	13,4	8,0
Sum of Non-current assets	823,2	820,5	816,9
<i>Current assets</i>			
Receivables group companies	10,0	144,3	198,8
Prepaid expenses & Accrued revenues	0,1	5,5	0,3
Other receivables	2,5	1,2	1,4
Cash & bank	307,8	11,7	12,1
Sum of Current assets	320,4	162,7	212,6
Sum of Total Assets	1 143,6	983,2	1 029,5
Equity	36,1	15,7	70,5
Liabilities			
<i>Långfristiga skulder</i>			
Säkerställd obligation	314,5	0,0	0,0
Subordinated shareholder loan	185,2	168,1	178,1
Subordinated bond	75,0	0,0	0,0
Loan Group Companies	104,6	129,1	146,2
Summa långfristiga skulder	679,3	297,2	324,3
<i>Current liabilities</i>			
Secured bond	312,6	439,8	384,9
Subordinated bond	0,0	0,0	40,0
Other liabilities from group companies	92,4	208,6	190,1
Accounts payable	12,3	13,8	9,5
Accrued costs and prepaid income	10,9	8,1	10,2
Total short-term liabilities	428,2	670,3	634,7
Total liabilities	1 107,5	967,5	959,0
Total Debt and Equity	1 143,6	983,2	1 029,5

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

CHANGES IN EQUITY (SEK million)	30 JUN 2023	30 JUN 2022	31 DEC 2022
Equity at beginning of period	70.5	42.6	42.6
Comprehensive income for the period	-34.4	-26.9	27.9
Equity at end of period	36.1	15.7	70.5

NOTE 1 GENERAL INFORMATION

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

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

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

NOTE 2 ACCOUNTING PRINCIPLES

This interim report has been prepared in accordance with the Annual Accounts Act and IAS 34 and in accordance with ch. 9. The Annual Accounts Act (ÅRL) for the parent company. The group applies IFRS as adopted by the EU. The parent company applies RFR 2 Accounting for legal entities.

The group reports all assets and liabilities at amortized cost.

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

NOTE 3 RISKS

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

NOTE 4 SEGMENT INFORMATION

GROUP SEGMENT INFORMATION IN SUMMARY

NET SALES FROM EXTERNAL CUSTOMERS (SEK million)	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY– JUNE 2023	JANUARY– JUNE 2022
Sweden	108.9	115.9	216.7	230.0.
Norway	23.8	20.8	48.2	39.9
Finland	26.6	23.5	53.4	61.2
Denmark	19.6	15.1	36.9	29.9
Total net sales from external customers	178.9	175.3	355.2	361.0

NET SALES DIVIDED INTO SERVICES (SEK million)	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY– JUNE 2023	JANUARY– JUNE 2022
Debt Collection	117.7	114.7	236.3	237.1
Payment- and message services	47.5	47.5	91.9	98.3
Accounts Receivable	5.1	3.0	9.9	5.8
Credit Decision	8.6	10.1	17.1	19.8
Total net sales	178.9	175.3	355.2	361.0

All revenue is recognized at one point in time.

OPERATING RESULT (SEK million)	APRIL – JUNE 2023	APRIL – JUNE 2022	JANUARY– JUNE 2023	JANUARY– JUNE 2022
Sweden	2.4	7.1	9.4	10.4
Norway	8.6	6.4	14.2	6.4
Finland	- 0.4	-3.1	0.9	12.2
Denmark	6.9	2.9	12.5	7.0
Group items and eliminations	- 3.4	-8.4	- 6.7	-15.8
Operating income	14.1	4.9	30.3	20.2
Net financial items	- 26.6	-17.5	- 43.8	-35.5
Tax	2.3	1.5	2.3	2.0
Net Result	- 10.2	-11.1	- 11.2	-13.3

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 185,2 million (168,1) in connection with the acquisition of Sergel Companies. The interest on the subordinated loan is set to 8.00% and is capitalized until full redemption of the Bonds.

DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

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

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

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

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

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

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

"**Net Interest-Bearing Debt**" means the aggregate interest-bearing debt and pension provision less Cash and Cash equivalents of the Group in accordance with the applicable accounting principles of the Group from time to time. Shareholder loans, subordinated bonds and lease liabilities are excluded. The indicator is disclosed as it is part of the calculation of the financial covenants of the issued bond. From the second quarter of 2022, the pension liability is not included, in accordance with adjusted bond terms.

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