

INTERIM REPORT

January – September, 2017

Legres AB (publ)

Published November 29, 2017

INTERIM REPORT JANUARY – SEPTEMBER, 2017

SUMMARY: JULY - SEPTEMBER 2017

- Net Sales amounted to SEK 164.1 million
- Operating Result amounted to SEK 29.4 million
- Net Result amounted to SEK 11.1 million
- Cash Flow from operating activities amounted to SEK -26.0 million

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

- On June 30, 2017 the Legres AB (publ) (the **“Parent Company”**) acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S (the **“Sergel Companies”**) from Telia Company AB. The Group provides credit management services and operates throughout the Nordic region.
- Senior Secured Callable Floating Rate Bonds (the **“Bond”**) issued with nominal amount of SEK 490.0 million.
- Received Subordinated Loan from the shareholder (**“Shareholder Loan”**) with nominal amount of SEK 200.0 million.
- Bond listed on the Corporate Bond list at Nasdaq Stockholm on August 28
- The current financial year is the first financial year for the Parent Company and the Group. Prior the acquisition of the Sergel Companies, the Parent Company had no operations.

KEY FIGURES (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Net Sales	164.1	164.1
EBITDA	29.8	29.8
Operating Result	29.4	29.4
Net Result	11.1	11.1
Interest Coverage Ratio (pro forma)	-	3.74x
Net Interest Bearing Debt to EBITDA (pro forma)	-	2.63x
Cash and Cash Equivalents	-	247.0

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- The Board of Directors appointed Adnan Hadziosmanovic as new Group CFO
- Sergel Kreditjänster AB signed a 5 year debt collection agreement with Tele 2, contract value SEK 80 million

COMMENTS FROM THE CEO

We leave an exciting quarter behind us, with both increased sales and new customer contracts and a successful separation work from Sergel's former owner, Telia Company.

It is particularly satisfactory that one of our subsidiaries, Sergel Kredittjänster, shows competitiveness in the market by signing a five-year debt collection agreement with Tele2 in Sweden. The contract value amounts to approximately SEK 80 million and the agreement includes Sergel Finans AB acquiring not recovered debts from Tele2. Through the deal, we further expand our knowledge and experience in the telecom industry, in which Sergel has been active for almost 30 years.

We demonstrate once again that the strategy, to handle our customers and their customers in a professional and personal manner with front edge digital services is successful. In the future, we will gradually increase investment in digitization in order to continuously develop the services and create higher value for our customers.

During the quarter, we have worked intensively with the separation from Telia Company. We are in phase with the separation agreement that runs for 12 months from the date of acquisition. As part of this work, our subsidiaries moved to new premises in Copenhagen and signed new leases for office space in Helsinki and Lahti. Relocation is expected to take place in early 2018.

In terms of financial development, we achieved our sales targets with slightly lower EBITDA than expected. Net Sales pro forma year-to-date increased by 5% compared with the same period last year. The annual growth rate on net sales amounts to 6% and EBITDA for the last 12 months is SEK 148.8 million, with an EBITDA of 22%. We see continued good development in all of our product areas across the Nordics.

In summary, we have had a good development both with our internal projects and with our activities in the market where the deal with Tele2 is the beginning of a new era for Sergel. Economic development is proceeding according to plan, and as we enter the final quarter of 2017, we continue to be convinced that our strategy will deliver increased value for our customers as well as underlying revenue, profit and earnings.

Charlotte Strandberg
CEO
Legres AB (publ)

GROUP FINANCIALS

GROUP FINANCIALS (SEK million)	JULY – SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Net Sales	164.1	164.1
EBITDA	29.8	29.8
Operating Result	29.4	29.4
Financial Net	-14.7	-14.7
Tax	-3.7	-3.7
Net Result	11.1	11.1
Average number of employees	322	322

INCOME AND EARNINGS

The Group's net sales in the third quarter and the interim period amounted to SEK 164.1 million which is in line with the group's plan. Operating result for the third quarter and the interim period amounted to SEK 29.4 million, somewhat below the expectations due to increased costs for debt collections.

FINANCIAL NET

The Group's financial net in the third quarter and the interim period amounted to SEK -14.7 million whereof financial costs for Bonds amounted to -10.1 million and financial costs for Shareholder Loan amounted to -4.1 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. Bonds matures December 29, 2020. The interest on the Shareholder Loan is set to 8.00 per cent per annum. The interest on the Shareholder Loan shall be paid on the date following the full redemption of the Bonds.

TAX

The Group's tax cost in the third quarter and the interim period amounted to SEK -3.7 million, tax rate 23.0%.

CASH FLOW

CASH FLOW (SEK million)	JULY – SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Cash and cash equivalents at the start of period	274.5	0.5
Cash flow from operating activities	-26.0	-26.0
Cash flow from investing activities*	-	-401.0
Cash flow from financing activities	-	675.0
Cash flow for the period	-26.0	248.0
Exchange rate difference	-1.5	-1.5
Cash and cash equivalents at the end of period	247.0	247.0

*Including liquid assets in acquired subsidiaries

Cash flow from operating activities in the third quarter and the interim period amounted to SEK – 26.0 million.

Cash flow from investing activities during the interim period adjusted for the cash and cash equivalents in acquired companies amounted to SEK – 401.0 million whereof acquired cash and cash equivalents stands for 273.7 million.

Cash flow from financing activities during the interim period SEK 675.0 million refers to the Bond financing, 490.0 million, Shareholder Loan reception, 200.0 million, and bond financing transaction cost -15.0 million.

ACQUISITION OF SUBSIDIARIES

Acquisition price for the Sergel Companies was SEK 674.7 million. Fair value of the net assets identified at the acquisition date is 104.5 million. Goodwill identified on the acquisition date is 570.2 million. The preliminary purchase price allocation may be adjusted in connection with final valuation of identifiable assets and liabilities at fair value. This may result in separate intangible assets other than goodwill are identified.

Acquired net assets are distributed as follows.

ACQUISITION OF SUBSIDIARIES	
(SEK million)	
Intangible assets	15.9
Property, plant and equipment	1.9
Other Assets	142.5
Cash & bank	273.7
Provisions for pensions	-161.2
Other liabilities	-168.3
Recognized amount of identifiable net assets acquired	104.5
Goodwill	570.2
Acquisition price	674.7
Deferred acquisition price	-
Cash & bank in in acquired companies	-273.7
Net cash outflow	401.0

PENSION LIABILITY

The pension liability in Sergel Kredittjänster AB relates to the ITP2 pension plan which is secured through a pension foundation (Sw. pensionsstiftelse) and credit insurance with PRI Pensionsgaranti. Furthermore, Sergel Kredittjänster AB shares in Telia's pension foundation. The net pension provision amounts to SEK 162.9 million.

PARENT COMPANY

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 object of the company is to serve as parent company for a group of companies conducting invoice services, credit decisions, debt collection, legal business and other activities related thereto, in Sweden as-well as abroad. On June 30, 2017 the Company acquired Sergel Kreditjänster AB, Sergel Oy, Sergel Norge AS and Sergel A/S from Telia Company AB.

The Parent Company received dividend in amount of SEK 51.5 million on September 26 from Sergel OY, this after audit of Sergel OY's interim report for the period January 1 to August 31, 2017.

The Parent Company had no operations before the acquisition of Sergel Companies.

TRANSACTIONS WITH RELATED PARTIES IN THE GROUP

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 capitalized until full redemption of the Bonds.

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.

RISK FACTORS

As a consequence of the bond financing and acquisition of Sergel Companies, the Group's risk analysis has been performed and presented in the Prospectus (page 4 – 15) prepared for the application for the listing of the bond at Nasdaq Stockholm. This document can be accessed from the Group's website:

http://sergel.com/wp-content/uploads/com/2017/08/Legres-AB-publ-Prospectus-24-August-20177621065_1.pdf

The risk factors contains various forward-looking statements, including statements regarding the intent, opinion, belief or current expectations of the Group or its management with respect to, among other things, (i) the Group's target market, (ii) evaluation of the Group's markets, competition and competitive position, (iii) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and outcomes to be materially different from any future results, performance or outcomes expressed or implied by such forward-looking statements.

PUBLICATION OF FINANCIAL INFORMATION

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

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, November 29, 2017

Ewa Glennow
Chairman of the Board

Charlotte Strandberg
Board Member, CEO

Per Örtlund
Board Member

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

CONTACT DETAILS

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GROUP FINANCIAL STATEMENTS

GROUP INCOME STATEMENT IN SUMMARY

INCOME STATEMENT (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Net Sales	164.1	164.1
Production Cost	-109.7	-109.7
Gross Result	54.4	54.4
Other administrative expenses	-28.9	-28.9
Other operating income	4.3	4.3
Other operating costs	-	-
Depreciations	-0.4	-0.4
Operating Result	29.4	29.4
Financial Net	-14.7	-14.7
- whereof contemplated bonds	-10.1	-10.1
- whereof shareholder loans	-4.1	-4.1
Result before tax	14.8	14.8
Tax	-3.7	-3.7
Net Result	11.1	11.1

GROUP STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

COMPREHENSIVE INCOME (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Net Result	11.1	11.1
Items that can be reclassified into profit and loss	-	-
Currency translation difference	-0.4	-0.4
Remeasurement of pension liability	-	-
Comprehensive income for the period	10.7	10.7

GROUP BALANCE SHEET IN SUMMARY

BALANCE SHEET (SEK million)	30 Sep 2017	31 Dec 2016
Assets		
<i>Non-current assets</i>		
Intangible assets	16.6	-
Goodwill	570.2	-
Property plant and equipment	1.6	-
Other long-term receivables	0.9	-
Deferred tax assets	23.9	-
Sum of Non-current assets	613.4	-
<i>Current assets</i>		
Prepaid expenses & accrued revenues	80.3	-
Other receivables	130.2	-
Cash & bank	247.0	0.5
Sum of Current assets	457.5	0.5
Sum of Total Assets	1 070.9	0.5
Equity	11.2	0.5
Liabilities		
<i>Non-current liabilities</i>		
Provisions for pensions	162.9	-
Long interest-bearing liabilities	475.9	-
Subordinated liabilities	204.1	-
Sum of Non-current liabilities	843.0	-
<i>Current liabilities</i>		
Current tax liabilities	25.8	-
Deferred revenues & accrued expenses	80.1	-
Short-term provision	0.0	-
Other liabilities	110.7	-
Sum of Current liabilities	216.6	-
Total liabilities	1 059.7	-
Sum of Total Liabilities & Equity	1 070.9	-

GROUP STATEMENT OF CHANGES IN EQUITY IN SUMMARY

CHANGES IN EQUITY (SEK million)	30 Sep 2017	31 Dec 2016
Equity at the beginning of the period	0.5	0.5
Net Result for the period	10.7	-
Equity at the end of the period	11.2	0.5

GROUP CASH FLOW STATEMENT IN SUMMARY

CASH FLOW (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
<i>Operating Activities</i>		
Result before Tax	14.8	14.8
Adjustments - items not included in the cash flow	5.4	5.4
-whereof depreciation and impairment of assets	0.4	0.4
-capitalised and accrued interest	4.1	4.1
-other	0.9	0.9
<i>Cash Flow From Operating Activities before change in working capital</i>	20.2	20.2
Other operating assets (incr - / decr+)	-92.7	-92.7
Other operating liabilities (incr+ / decr-)	46.6	46.6
<i>Cash Flow from Operating Activities</i>	-26.0	-26.0
<i>Investing Activities</i>		
Acquisitions/divestments of subsidiaries, net of cash acquired	-	-401.0
<i>Cash Flow from Investing Activities</i>	-	401.0
<i>Financing Activities</i>		
Received bond funding	-	490.0
Received shareholder loan	-	200.0
Paid Bond transaction fees	-	-15.0
<i>Cash Flow from Financing Activities</i>	-	675.0
Cash Flow from the period	-26.0	248.0
Cash and cash equivalents at the beginning of the period	274.5	0.5
Exchange rate difference in cash and cash equivalents	-1.5	-1.5
Cash and cash equivalents	247.0	247.0

GROUP SEGMENT INFORMATION IN SUMMARY

NET SALES FROM EXTERNAL CLIENTS BY REGION (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Sweden	94.3	94.3
Norway	33.9	33.9
Finland	22.2	22.2
Denmark	13.7	13.7
Total Net Sales from external clients by region	164.1	164.1

OPERATING RESULT BY REGION (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Sweden	12.7	12.7
Norway	10.7	10.7
Finland	3.7	3.7
Denmark	2.3	2.3
Operating Result by region	29.4	29.4
Financial Net	-14.7	-14.7
Tax	-3.7	-3.7
Net Result	11.1	11.1

The group provides currently services only within credit management segment.

OTHER FINANCIAL INDICATORS *(not defined in IFRS)*

Interest Coverage Ratio (pro forma) is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis.

INTEREST COVERAGE RATIO (SEK million)	
Pro Forma adjusted EBITDA on rolling twelve months	148.8
Pro Forma adjusted Net Finance Charges on rolling twelve months	39.8
Interest Coverage Ratio (pro forma)	3.74x

Net Interest Bearing Debt to EBITDA (pro forma) is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis.

NET INTEREST BEARING DEBT to EBITDA (SEK million)	
Net Interest Bearing Debt	391.9
Pro Forma adjusted EBITDA on rolling twelve months	148.8
Interest Coverage Ratio (pro forma)	2.63x

Cash and Cash Equivalents is included in the maintenance test that, according to the Bonds terms and conditions, shall be reported on quarterly basis. Total cash and cash equivalents in the group is SEK 247.0 million.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT IN SUMMARY

INCOME STATEMENT (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Net Sales	-	-
Production Cost	-	-
Gross Result	-	-
Other administrative expenses	-0.9	-0.9
Other operating income	51.5	51.5
Other operating costs	-	-
Depreciations	-	-
Operating Result	50.6	50.6
Financial Net	-14.3	-14.3
- whereof contemplated bonds	-10.1	-10.1
- whereof shareholder loans	-4.1	-4.1
Result before tax	36.4	36.4
Tax	3.3	3.3
Net Result	39.7	39.7

PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME IN SUMMARY

COMPREHENSIVE INCOME (SEK million)	JULY - SEPTEMBER	JANUARY - SEPTEMBER
	2017	2017
Net Result	39.7	39.7
Items that can be reclassified into profit and loss	-	-
Comprehensive income for the period	39.7	39.7

PARENT COMPANY BALANCE SHEET IN SUMMARY

BALANCE SHEET (SEK million)	30 Sep 2017	31 Dec 2016
Assets		
<i>Non-current assets</i>		
Intangible assets	-	-
Property plant and equipment	-	-
Shares in subsidiaries	674.7	-
Other long-term receivables	-	-
Deferred tax assets	3.3	-
Sum of Non-current assets	678.0	-
<i>Current assets</i>		
Prepaid expenses & accrued revenues	-	-
Other receivables	0.4	-
Cash & bank	44.5	0.5
Sum of Current assets	44.9	0.5
Sum of Total Assets	723.0	0.5
Equity	40.2	0.5
Liabilities		
<i>Non-current liabilities</i>		
Untaxed reserves	-	-
Provisions for pensions	-	-
Long interest-bearing liabilities	475.9	-
Subordinated liabilities	204.1	-
Sum of Non-current liabilities	680.1	-
<i>Current liabilities</i>		
Current tax liabilities	-	-
Deferred revenues & accrued expenses	2.6	-
Short-term provision	-	-
Other liabilities	0.0	-
Sum of Current liabilities	2.7	-
Total liabilities	682.8	-
Sum of Total Liabilities & Equity	723.0	-

OWNERSHIP STRUCTURE

Legres AB (publ) is a wholly owned subsidiary of Legres Holding AB, corporate ID no. 559093-6596, with its registered office in Stockholm. Legres Holding AB is a wholly owned subsidiary of Marginalen Group AB, corporate ID no. 556587-0242, based in Stockholm.

DEFINITIONS

"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 realised 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.

"EBITDA" means, operating earnings before depreciation and amortisation.

"Interest Coverage Ratio (pro forma)" means the ratio of Pro Forma adjusted EBITDA on rolling twelve months to Pro Forma adjusted Net Finance Charges on rolling twelve months.

"Net Finance Charges" means financial charges related to the issues bond and Transaction Cost.

"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.

"Net Interest Bearing Debt to EBITDA (pro forma)" means the ratio of Net Interest Bearing Debt to Pro Forma adjusted EBITDA.

"Pro Forma adjusted EBITDA" means EBITDA adjusted as if the acquisition of Sergel Companies and consequently following events have been made one year prior the last day of current interim report.

"Pro Forma adjusted Net Finance Charges " means Net Finance Charges adjusted as if the acquisition of Sergel Companies and consequently following events have been made one year prior the last day of current interim report.

"Transaction Costs" means all fees, costs and expenses, stamp, registration and other taxes incurred by the Legrea AB (publ) or any other member of the Group in connection with (i) the Bond Issue, (ii) the listing of the Bonds, and (iii) the acquisition of the Sergel Companies.