Annual and Sustainability Report 2019

Leading the way to a sound economy

intrum

Contents

This Annual and Sustainability Report includes financial information and disclosures regarding sustainability. The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and is designed in accordance with GRI Standards Core.

The sustainability report also constitutes Intrum's Communication of Progress (COP) for the UN Global Compact and contains information on how Intrum contributes to the UN's Sustainable Development Goals and the 2030 Agenda. The Sustainable Report comprises pages 20–37 and 103–108. The Auditor´s statement regarding the statutory Sustainable Report is on page 109.

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We help companies and individuals alike find solutions for a sound economy.

As a leading player in credit management and purchased debt, our goal is to lead the way to a sound economy. Our employees explain how we generate value for our stakeholders.

"Our strength lies in being the largest player"

Viktor Lindeberg, Head of Investor Relations
Read more on page 14.

"Access to cash is essential for all businesses"

Torben Friis Serritzlev, Key Account Manager
Read more on page 25.

"You have to be a good listener"

Lietta Pennucci, Customer Operations Manager
Read more on page 31.

"We want to lead the development of a sustain-able credit market"

Lina Rollby Claesson, Chief Compliance Officer
Read more on page 36.

Intrum's purpose is to lead the way to a sound economy. A credit market in which people and companies can efficiently provide and receive credit is a prerequisite for the business community to be able to function. The opportunities increase for a society and its economy to flourish if companies are paid on time, as this enables them to invest, employ and grow – at the same time, individuals lift themselves out of debt and are therefore able to improve their circumstances.

Intrum in brief

A client offering provided through two service lines

We ensure that companies are paid by offering two types of services – credit management services and portfolio investments. We perform credit management services on behalf of companies to ensure that their customers pay them for the goods and services they sell. In our portfolio investment operations, we assume responsibility for overdue receivables, whereby we pay the client and then seek a solution with the customer for settling the receivable. Beyond this, we offer a full range of services covering companies' entire credit management chain.

Simplified structure with three business areas

Since 1 January 2020, our operations have been organised into three business lines:

- Credit Management Services (CMS)
- Portfolio Investments (PI)
- Strategic Markets (Greece, Italy and Spain)

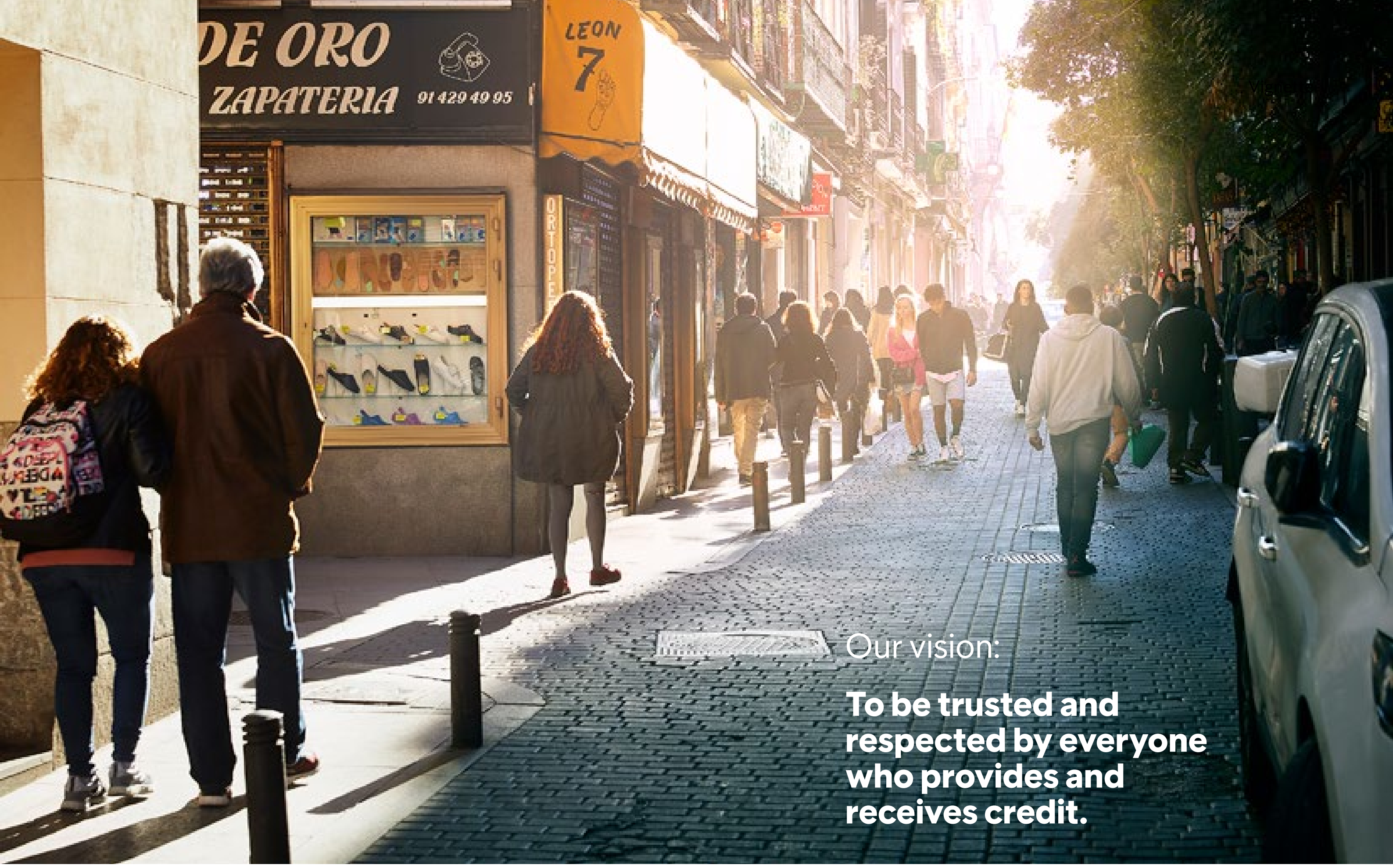
The latter of these business areas is new and reflects Intrum's strong growth in recent years, particularly in Southern Europe. Similar operations are conducted in these three countries, building on partnerships with major financial institutions in the form of "carve outs" and joint ventures in which we focus on our core operations.

By contrast, the account presented in the Board of Directors' Report in the Annual Report, the financial statements and the notes is in accordance with the former business area structure (four geographical regions) as reported until 31 December 2019.

For further information, please see pages 53–63.

Each day, our 10,000 employees take care of 250,000 customer contacts

About 10,000 people work at Intrum. We help our clients develop by caring for their customers. This is achieved through the roughly 250,000 customer contacts that our employees have on a daily basis, in which we help people and companies become debt-free while our clients secure payment.

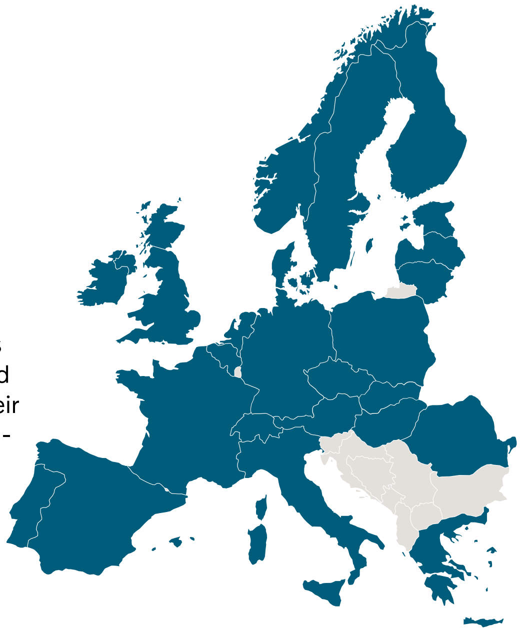


Our vision:

To be trusted and respected by everyone who provides and receives credit.

80,000 clients in 25 countries

Intrum has some 80,000 clients in the 25 countries in which we operate. They are active in many sectors, and we specialise in assisting major companies and financial institutions with large volumes of receivables. Our clients also include tens of thousands of small and medium-sized companies. What they have in common, regardless of their size and sector, is that they recognise the value in concentrating on their core operations, rather than dealing with payment management.



Three strategic areas driving our efforts to achieve a sound economy

Enable sustainable payments
By ensuring sustainable payment flows between companies and individuals, we fulfil an important function in society and promote a sound economy.

Read more on pages 20–25.

Growing by making a difference
Our market-leading position allows us to drive the development of the entire industry in a more ethical direction, thereby creating value and meaning for our employees.

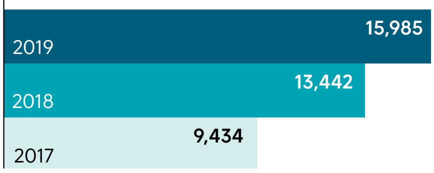
Read more on pages 26–31.

Being trusted and respected
A basic prerequisite for us to succeed in our efforts is that we have the complete trust of our clients and their customers.

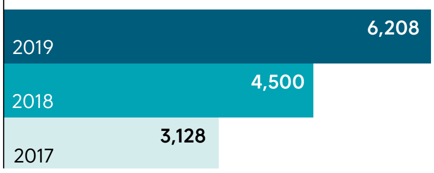
Read more on pages 32–37.

2019 in brief

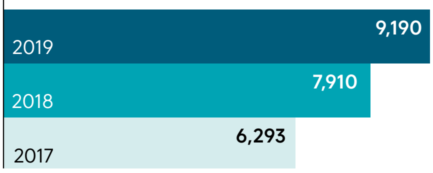
Net revenues, SEK M



Adjusted operating earnings, SEK M



Average number of employees



Culture Index, 0-100

Client Satisfaction Index, 0-100

Engagement Index, 0-100

Key figures

SEK M, unless otherwise indicated	2019	2018	2017
Revenues	15,985	13,442	9,434
Operating earnings (EBIT)	2,060	3,978	2,728
Items affecting comparability	-4,148	-522	-400
– whereof goodwill impairment	-2,700	0	0
Adjusted operating earnings (EBIT)	6,208	4,500	3,128
Net earnings	-285	1,943	1,503
Cash EBITDA as defined in loan agreements	11,444	9,776	9,204
Net debt/RTM Cash EBITDA	4.3	4.3	4.1
Credit management services			
Service line earnings	-415	2,433	1,704
Adjusted revenues, Credit Management	11,273	9,257	8,852
Adjusted operating margin, Credit Management, %	26	27	28

	2019	2018	2017
Portfolio investments			
Collected amounts	10,772	10,056	7,198
Investments in portfolios	7,324	11,854	7,170
Book value portfolio investments	35,429	32,261	21,242
Return on portfolio investments, ROI, %	15	14	16
Sustainable enterprise			
Number of financial education initiatives	11	10	n/a
Carbon dioxide emissions, tCO_2e	6,808	8,454	n/a
Number of languages spoken by employees	34	36	n/a
Averade number of employees	9,190	7,910	6,293
The share			
Earnings per share, SEK	-2.76	14.18	14.62
Dividend, SEK	11.00	9.50	9.50
Share price, SEK	279.40	205.70	303.30

Events during the year

Strategic acquisition in Greece
For Intrum, 2019 was an eventful year. We continued our expansion, particularly in southern Europe, where the foremost event was the partnership we established with Piraeus Bank in Greece. Intrum acquired 80 percent of the bank's service platform for managing overdue receivables. In this way, we created a leading credit management platform in Greece. The transaction is a long-term strategic partnership, in which Piraeus Bank holds the remaining 20 percent of the shares in the new company.

Increased efficiency and simplified organisation
The year was pervaded by continued efficiency improvements, with a major cost programme being implemented in the autumn. At the same time, efforts continued to centralise and standardise processes, work methods and systems. All of this is designed to benefit from Intrum's size and to continue being able to meet client expectations, enhance efficiency and further increase profitability.

In November, a simplified organisational structure was also presented, in which the four geographical regions were discontinued and a third business area "Strategic Markets" was established alongside Credit Management Services and Portfolio Investments. The new business area includes Greece, Italy and Spain, which are large and important markets with similar operations based on partnerships with major financial institutions. The simplified organisational structure came into effect at the start of 2020.

Improved financing structure
During the year, Intrum strengthened its financing by issuing a number of bonds and expanding its credit facilities. As a result, a more even maturity profile was achieved while securing a satisfactory liquidity buffer and future investment capacity.

Clear governance of sustainability matters
It is important for Intrum to integrate sustainability work into all of its operations in a meaningful way. During the year, a clear governance structure for driving sustainability matters was established, with the Board of Directors remaining the highest decision-making body, followed by Group Management, which is responsible for strategy on sustainability. To successfully integrate sustainability into the day-to-day operations, an internal group of representatives of the relevant functions, business lines and countries was established. The group's focus is to secure support for targets and strategies in the area of sustainability and to pursue these issues throughout the organisation.

Statement by the CEO

A strong 2019 provides firm foundations in turbulent conditions

At the time of writing, we are experiencing what is a new and challenging situation for us all due to the spread of Covid-19 – one that will have repercussions for virtually all businesses around the world. In Europe, countries in the south have been hardest hit by the ongoing virus outbreak, which has affected all aspects of society. Intrum's Strategic Markets business line is experiencing delays in cash flows due to general restrictions brought in across countries and reduced activity in legal systems.

The health and safety of Intrum employees is our top priority. Since January, we have taken extensive measures to enable us to conduct business as normally as possible, with working from home being a key aspect of how we are managing the situation. Intrum's financial position is strong with good liquidity, which is a good starting point given current circumstances.

Intrum entered 2020, after an eventful and momentous 2019. During the year, we took several important steps to further consolidate our market-leading position in Europe. Our integrated business model, that combines Credit Management Services (CMS) with acquisitions of non-performing loan portfolios, enables close co-operation with our clients that in turn enables us to meet their specific needs at different points in time.

The single most important event during the year was our partnership with Piraeus Bank in Greece, which was announced in June and consolidated in October. We added 1,300 new colleagues and created a strong platform on which to further build our presence in Greece. In Italy, our partnership with Intesa Sanpaolo gained momentum and made an important contribution to our growth for the year. The acquisition of Solvia in Spain was finalised in the second quarter, giving us a robust presence on the Spanish market. In combination with taking steps to address our cost base in Spain, the Solvia acquisition gives us reason to expect stable business development in Spain going forward after two challenging years.

We can summarise a strong 2019 with solid underlying results and new record levels of cash collections, while completing as planned the integration work that started in 2017 following the merger. As part of our efforts to integrate and centralise common functions, we also launched a broader efficiency programme that will deliver bottom line improvements totalling some SEK 600M in 2020 and beyond.

New organisational structure reflecting business activity

On January 1st, 2020, we introduced a new organisational structure that better reflects our current operations. Our three large southern European markets, Greece, Italy and Spain, were designated as a new business line, "Strategic Markets", alongside our existing segments Credit Management Services and Portfolio Investments. We also removed the geographical segmentation of our four regions. These changes are designed to simplify internal reporting and reduce costs. We also believe that these measures will improve external transparency related to the development of our three large south European markets.

Continued progress towards "One Intrum"

Our work on harmonising and centralising our processes, systems and operations continued throughout 2019. Intrum is the leading player in our industry and our extensive presence on 24 markets in Europe means that we have unique opportunities to operate effectively, concertedly and benefit from best practice across the organisation. Our global service centre in Vilnius was expanded during the year, providing us with excellent opportunities to serve our clients, especially major inter-

20%
increased adjusted revenues compared to 2018.

Intrum's purpose – to lead the way to a sound economy – is at the core of our strategy.

national companies that operate in several of our markets, in more co-ordinated and joined-up ways.

Intrum's business and culture is characterised by our four values: Empathy, Ethics, Dedication and Solutions. We ensure that these values guide us in our daily operations and in our work with clients and customers. All employees are taking regular trainings in our Code of Conduct and this year a revised version was launched.

This is an important tool for ensuring that our external target groups – not least our clients – experience "One Intrum" irrespective of which country or in what context they come into contact with us. In these challenging times with the spread of Covid-19, our values of Empathy and Ethics are more important than ever; and in this spirit, we have developed additional guidelines to ensure that we are responsive to our customers.

Strong underlying performance growth

We saw strong financial performance during 2019. Adjusted revenues increased by approximately 20 per cent compared to 2018, while adjusted EBIT increased 38 per cent. The Board of Directors proposes an increase in the dividend to SEK 11.00 per share (SEK 9.50). Items affecting comparability totalled SEK 4.1 billion, of which SEK 2.9 billion was write-downs of our intangible assets in Spain. This adjustment reflects the earnings level observed in recent quarters compared to earlier periods when Spain was characterised by different market conditions. Of the SEK 4.1 billion in total items affecting comparability, SEK 3.1 billion were non-cash items.

The total value of portfolio investments, including real estate and shares in joint ventures, increased by 10 per cent to reach SEK 35.4 billion. Portfolio investments during the year amounted to SEK 7.3 billion (11.9), which was in line with the more normalised level we anticipated. Return on investment was 15 per cent (14), excluding revaluations.

Improved financing profile

During the year, we strengthened our financial position with a number of bond issues and an increased credit facility. This has enabled us to achieve a more predictable and improved maturity profile, while also securing a reassuring liquidity buffer, which is very important given the general global outlook in the first quarter of 2020.

A strong platform for long-term growth

2019 was an eventful year for Intrum, particularly in terms of transactions. Today, we are the natural partner on the European market for non-performing loans – a position we are determined to cement further.

Intrum's purpose – to lead the way to a sound economy – is at the core of our strategy. During 2019, we intensified our efforts to integrate sustainability into our business and we implemented a clear governance structure to address these matters. Stakeholder dialogues have been held, including with the majority of our shareholders. It is of the utmost importance for us to act ethically in our daily collection work by treating individuals with respect fairly and by carefully selecting the clients and portfolios we acquire. It is also important for us to retain and develop our employees by ensuring their wellbeing.

Since 2016, Intrum has been a signatory to the UN Global Compact. Every year, we report how we implement the Compact's 10 sustainability principles and outline how we will work on further implementing the principles in our activities in the coming year. We are also continuing our work on national and European level to, together with legislators and other actors, develop our industry in a responsible and more professional direction.

I am extremely proud to lead Intrum's 10,000 or so highly competent and determined employees. With our size and diversification, we are well positioned to continue to grow sustainably and profitably.

Due to the current global situation, we have decided to postpone our capital markets day that had originally been planned for May 19th until the autumn.

Mikael Ericson
President and CEO
Stockholm, March 2020

Over the past two years, we have successfully consolidated our market-leading position in credit management in Europe. The next step is to continue creating efficiency in everything we do and to benefit from our economies of scale. As a market leader, we are also a role model for others and our focus on ethical debt collection helps us push development in the sector in a more sustainable direction.

Intrum's strengths

Sustainable credit management

Trends shaping the industry

We perceive several driving forces affecting the dynamics of the market in our sector. Significant among these are the regulatory changes brought about by the recent financial crisis, encouraging banks to address their overdue receivables to reduce the risks in their balance sheets. We benefit from this development because the banks seek a long-term partner, always able to manage overdue receivables.

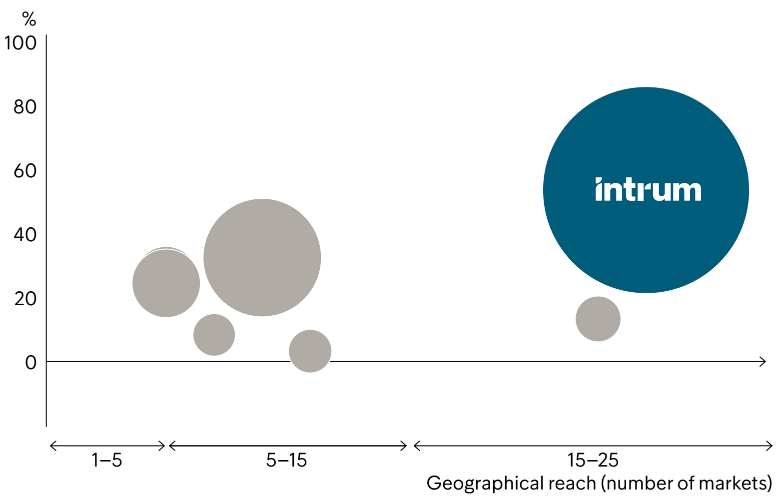
Another force driving the market is that, for various reasons, many companies stress the importance of late-paying customers being treated respectfully regardless of whether a third party, such as Intrum, has been enlisted to secure payment or the debt portfolio has been sold. In our treatment of customers, focusing on ethics and empathy, we aspire to be role models in our sector. We are also seeing continued consolidation of the sector, in which Intrum has participated with its acquisitions in recent years. Technological development and digitisation are other trends in which we see great opportunities. Read more about trends, driving forces and stakeholders on pages 18-19.

Market leader with integrated business model

We are Europe's largest company in credit management and purchased debt in terms of revenues, profit, geographical presence and workforce. We are established in 24 European markets and are the leading player or among the "top-five" in most of these. In addition, we have a small-scale unit in Brazil.

There are many benefits of being the largest and having a broad geographical coverage. Covering 98 percent of the European market for NPL (non-performing loans) portfolios, brings us signi–ficant opportunities for portfolio investment. Our broad geographical presence in Europe also allows

Credit management services turnover in proportion to the company's total turnover



Intrum has the largest revenues, widest geographical reach and most diversified business model (2018).

us to offer service in several markets to pan-European clients.

Our foremost strengths also include our balanced and integrated business model. About 60 percent of our revenues derive from credit management, in which we act on behalf of companies that have not been paid for their goods or services. The remainder derive from acquired portfolios of overdue receivables. Through our business model, we interact with our clients to meet their needs at different times.

Large multinational corporations often need a strategic partner able to service their debt portfolios or, if necessary, to acquire these portfolios. This applies particularly to banks which, due to regulatory changes, must allocate more capital to cover future loan losses. We are a priority partner, able to collaborate with the banks, either acquiring

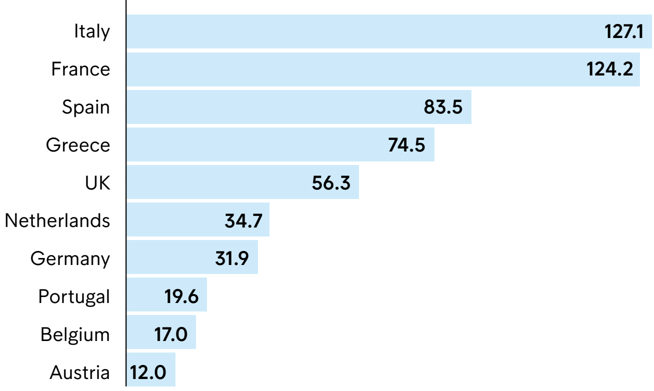
Our position brings with it a responsibility to act as a role model in our sector and to lead development in a more sustainable direction. We want to contribute with our experience in credit management and portfolio investments.

large, existing debt portfolios or bringing predictability by acquiring debt portfolios on an ongoing basis. A significant portion of our portfolio investments originate in the banking sector. Banks for whom we are a priority partner include Nordea, Swedbank and DNB in the Nordic countries.

Our integrated business model sets us apart from many of our sector colleagues who often specialise either in credit management services or portfolio purchases. Our competitors in credit management are often smaller players operating locally, of whom only a limited number are listed on a stock exchange. Where very large portfolio investments are concerned, the competition often consists of mutual funds or more opportunistic capital.

A major advantage over our competitors is our collection management platform. We control the entire process, ensuring efficient case management and offering our clients a sense of security when we take over the contact with their customers.

European banks' NPL portfolios, EUR billion – Sept 2019



Our broad geographical footprint increases the range of possible portfolio investments.

1) Source: European Banking Authority

Advantages of scale in offering and data analysis
Numerous opportunities can be derived from being the largest. We can flexibly offer a wide range of services meeting the changing needs of our clients and customers. We are also able to standardise services and to tailor offerings according to clients' unique needs.

Our large scale increases our access to data and our capacity to invest resources in more intelligent data analysis. Investments in data analysis make it possible to achieve further efficiency enhancements and cost reductions in the collection operations. Data and data analysis also form the basis for the development of our collection strategies and portfolio investment models.

The economies of scale also include the possibility of consolidating our operations internally and increasing our efficiency by sharing administration, IT and acquisitions services, for example. We can also learn from one another's knowledge and experience to improve and streamline operations by applying "best practice".

Strong brand focusing on sustainability
An important element in our brand is our purpose of leading the way to a sound economy. Our purpose has a bearing on all that we do, why we exist, and how we act. By connecting our purpose closely to our strategy, we generate mutual value for ourselves and our stakeholders.

Our position brings with it a responsibility to act as a role model in our sector and to lead development in a more sustainable direction. We want to contribute our experience in credit management and portfolio investments to build functioning payment flows, benefiting individuals, clients, shareholders and society in general. We do this as, for example, an invited partner in discussions at the European Commission in the process of facilitating a functioning market for portfolios of overdue receivables.

Financial strength
The business lines, Portfolio Investments and Credit Management Services are mutually supportive. One part ties up capital while the other generates strong free cash flow. This cash flow can be disbursed as dividends or reinvested in the portfolio operations. In recent years, Intrum has both provided favourable dividends and implemented major acquisitions. This demonstrates our financial strength, as well as the expansion of our balance sheet. Read more about Intrum's risk management on pages 59-63.

Strong growth over the past two years
The past two years have taken Intrum on a journey of evolution. This began with the merger in 2017. Both companies, Intrum Justitia and Lindorff, complemented one another well, being strong in different geographical markets and in different customer segments. Lindorff was well-rooted in the financial sector and Intrum Justitia in the SME segment.

Through the merger, we established a market-leading position facilitating most of the transactions and partnerships that we have subsequently implemented in Southern Europe. These include the strategic partnership with the Italian bank Intesa Sanpaolo, which was completed at the end of 2018, the acquisition of management company Solvia in Spain, which was completed in the second quarter of 2019, and the acquisition of Piraeus Bank's platform in Greece, which was completed in October 2019.

Together with Intesa Sanpaolo, we own a market-leading platform for handling overdue receivables and an NPL portfolio. In accordance with a ten-year agreement, we will also manage the bank's future NPL portfolios. In Spain, we strengthened our position through the acquisition of Solvia, a management company in the property management services sector, with assets in the form of various types of receivables and property portfolios. In Greece, we acquired Piraeus Bank's platform for handling overdue receivables, with which we will manage Piraeus Bank's NPL portfolios, with the possibility of adding new clients in the future.

These acquisitions are in line with our strategy to continue expanding in Europe. What these partnership share is that they combine our 100 years of experience in managing overdue receivables with our strategic partners' in-depth knowledge of the local market.

Activities in 2019
Over the year, our strategy for growth, efficiency, digitisation and analysis actively guided our operations towards our targets for 2020, as well as towards a stronger Intrum in the long term.

Proposed dividend, SEK

Growth: In 2019, our expansion in Europe continued. The transaction with Piraeus Bank represented a decisive acquisition in strengthening our presence in all key European markets.

Efficiency: For us, efficiency means doing the right things correctly, focusing on the client and customer experience. During the year, the process of realising the synergies from the merger was completed, with these amounting to SEK 680 million annually, more than expected at the time of the merger. Additional efficiency enhancements were also presented with the aim of improving earnings by SEK 600 million in 2020. We also conducted a successful refinancing process to extend the maturity of our bonds and achieve a more even maturity profile. At the end of the year, a simplified organisational structure was presented, with three business areas: Credit Management Services, Portfolio Investments and Strategic Markets. The new organisational structure, which has replaced the former regional structure since the beginning of 2020, increases our efficiency and strengthens our customer focus.

Digitisation and automation: Intrum's digital journey involves our customers, our clients and our own internal processes. Digitisation offers opportunities for automation, but also for harmonising various areas of our operations. During the year, the process commenced of centralising parts of Intrum's collection operations in Vilnius. This will strengthen the customer experience with a better user interface while international clients will receive uniform treatment.

The way ahead
Strategic priorities for 2020–2023
We have several opportunities for growth in credit management, by centralising, automating and digitising more, for example. By developing a standardised platform with solutions for handling overdue receivables for smaller clients and developing complementary, customised services for larger clients, we can both generate growth and enhance efficiency. In addition, our proven services for small and medium-sized companies can, for example, be launched in several of our geographical markets. Similarly, the services in secured debt that we offer in southern Europe can be extended to our Northern European bank clients.

Portfolio investment growth
Banks and investment funds still hold major stocks of NPL portfolios. Expanding e-commerce also brings with it a growing supply of credit and NPL portfolios. The sector remains fragmented and major players like Intrum have the opportunity to aid consolidation by capturing market shares from competitors or by conducting value-generating acquisitions that add new clients, new markets or other assets.

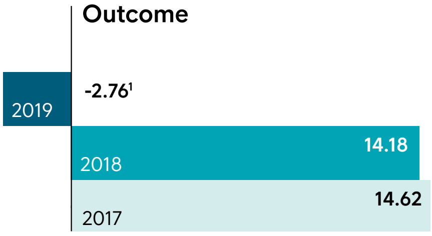
Gaining from comparative advantages
Our integrated business model lays the foundation for securing transactions and growing our earnings. By meeting the needs of our clients, regardless of their sector or geographic market, we also increase our opportunities to acquire NPL portfolios from our clients in the credit management operations. We seek, in this way, to build more integrated and coordinated client relationships.

Operational efficiency
We should conduct our operations as efficiently as possible. We do this by benefiting from our size, which, for example, allows us to spread our costs and investments across a larger organisation. We must also be as efficient as possible within each market, centralising relevant resources at a European level to generate synergies and cost benefits.

Improved data and analysis
We are continuing to develop modern approaches and more intelligent services by standardising our data collection and data analysis. We combine our substantial access to data with new technologies to achieve the best possible effect for our clients, our customers and for ourselves. By using more data from our operations we can, for example, reduce the risks associated with acquiring NPL portfolios and increase our chances of winning auctions of NPL portfolios in more markets and including more classes of assets.

Earnings per share

Target 2020: SEK 35/share



The target represents a 75-percent increase by 2020 compared with 2016, that is, an average annual increase of 15 percent.

1) Adjusted earnings per share = SEK 27.8

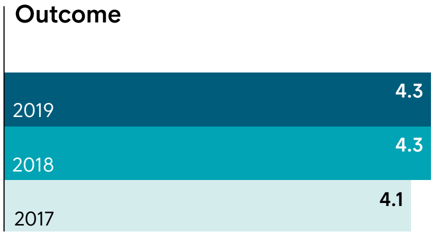
Return on purchased debt

Target 2020: 13%

The return on purchased debt should be at least 13 percent on a rolling 12-month basis.

Net debt in relation to operating earnings[2]

Target 2020: 2.5–3.5



Net debt in relation to operating earnings before depreciation and amortisation shall be in the interval 2.5-3.5.

2) Before depreciation and amortisation, and pro-forma acquistions

Our mission to generate value

We help companies prosper by caring for their customers

Stakeholder expectations

Customers
250,000 daily contacts
Our clients' customers, that is, our end-customers, wish to be treated respectfully when seeking support and advice from us in order to find solutions to become debt-free.

Clients
80,000 clients
Companies of different sizes from many sectors hire us to secure payment for their goods and services.

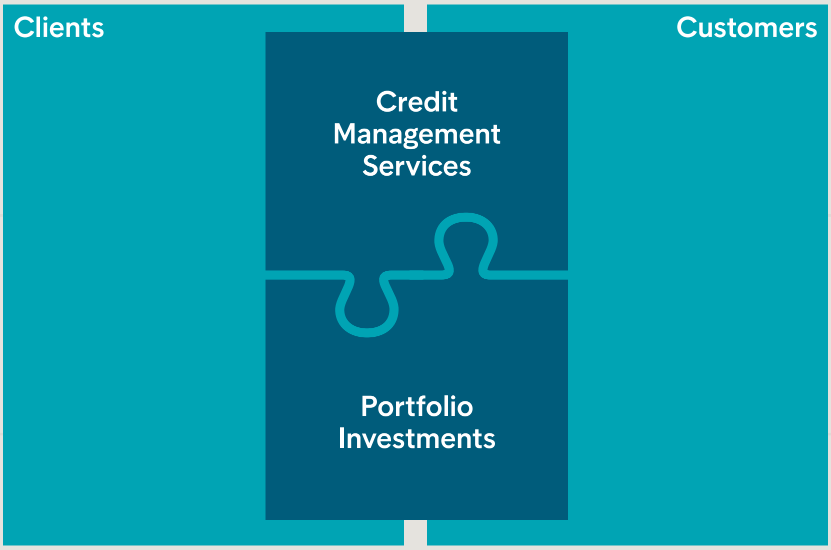
Employees
10,000 employees
Our employees want meaningful, stimulating and developing work.

Society
25 markets
Our market-leading position imposes considerable responsibility and we are expected to contribute knowledge and expertise, and to generate social and financial value.

Shareholders
22,000 shareholders
By generating positive financial results and acting responsibly, we can generate sustainable returns.

Read more about our stakeholders on page 19.

Business model



A value-driven approach towards our stakeholders
We are driven by our purpose of leading the way to a sound economy and are guided in this by our four values, which describe who we are and how we behave in our day-to-day work. Our values:

Empathy
Ethics
Dedication
Solutions

Our position:
The undisputed market leader.

Value generated for our stakeholders

Social value	Financial value	Example outcomes
Customers Through an ethical approach, respecting the circumstances of each individual, we help our end-customers find sustainable solutions for sound private finances.	**SEK 9,7 million** We provide support and debt counselling for customers, with 9,7 million debt cases settled over the year.	**80** **out of 100 in the Culture Index**
Clients It is our mission to help companies prosper by caring for their customers.	**SEK 67 billion** In 2019, we generated SEK 67 billion for our clients, of which SEK 60 billion derived from Credit Management Services and SEK 7 billion from Purchased Debt.	**73** **out of 100 in the Satisfaction Index**
Employees At Intrum, our employees can participate in meaningful work with good opportunities for development, with everyone having the opportunity to grow and make a difference.	**SEK 3,95 billion** A total SEK 3,95 billion was paid in salaries and pensions to our employees over the year.	**76** **out of 100 in the Engagement Index**
Society By helping companies secure payment and helping individuals rid themselves of debt, we build sustainable payment flows, development, and employment, promoting a sound economy for society as a whole. We work pro-actively to disseminate knowledge on personal finances.	**SEK 424 million** Intrum's total corporate tax for 2019 was SEK 424 million. We also pay taxes and social security contributions on salaries and benefits, value added tax, as well as excise taxes on vehicles, property rent, energy, etc.	**14,000** **Individuals reached by our educational initiatives in 2019**
Shareholders We generate returns for our shareholders through profitability and social responsibility.	**SEK 1.4 billion** For 2019 the proposed share dividend is SEK 1.4 billion to our shareholders.	**SEK 11** **Dividend per share**

Viktor Lindeberg, Head of Investor Relations, is convinced that communication with the capital markets can be further strengthened. Improved and clearer information to generate a better understanding of the business is a project that has already been launched and that will continue in 2020.

"Our strength lies in being the largest player"

What makes Intrum a good investment?
"Although we let the market make its own assessment of the share, our strengths include being the largest industrial player among credit management companies and purchased debt companies. We have extensive experience of handling late payments and, in relation to our industry colleagues, we also have the largest balance sheet and greatest profits, we have the broadest geographical presence and also hold the strongest position in most of the countries in which we operate."

How do you benefit from having both credit management and purchased debt operations within the same company?
"We benefit from the different pillars of our business in several ways. For us, our clients and their needs are fundamental. There are times at which clients may need to sell a portfolio and we are then ready to be of service in that regard. If, on the other hand, a client has a different strategic focus and instead seeks assistance in servicing a portfolio of overdue receivables, we are able to be of assistance with that too. Our size allows us to hold strategic discussions that few others can."

How does this diversification benefit investors?
"Our presence in numerous countries reduces our dependence on individual markets. In addition, one part of our operations generates strong free cash flow while the other is more capital intensive. With the portfolio investment operations partly being financed through loans, we are pleased that our diversification affords us competitive financing terms, further strengthening our market position. Strong cash flow has also enabled us to pay rising share dividends, while at the same time reinvesting and expanding our portfolio operations."

Why do you think Intrum's share has been one of the most short-traded on the Stockholm Stock Exchange?
"If you take a negative view of the sector, Intrum's share is the easiest to sell short. That's because our shares are more liquid. Looking at Intrum more specifically, some believe we have been a bit too expansive and are negative towards Intrum for that reason. In the latter case, the burden of proof lies with us and I believe we can improve at conveying a more accurate picture of us to the market."

You stepped in as the Head of IR in 2019. What is your plan for the future?
"There are areas in which we can improve further regarding how we communicate. We want to facilitate the market's comprehension of Intrum and, after a period of strong growth and expansion, are confident in what we do. In turn, this involves, to a certain extent, how we present the Company and its accounts. Accordingly, we have initiated a project to improve the level of detail in the accounts, as we will demonstrate in 2020.

Interesting facts

Intrum's principal shareholders
The private equity company Nordic Capital owns 57.7 million shares, corresponding to 44 percent of the votes (2019). Nordic Capital is an active shareholder, represented on Intrum's Board of Directors.

Contacts with shareholders and bond investors
Intrum generally meets its shareholders in connection with the quarterly reports. For credit investors, dedicated road-shows are presented, as in connection with the refinancing of Intrum's bonds in the third quarter of 2019, for example.

What bondholders and shareholders want to know
In simple terms, credit investors generally focus more on risk and equity investors more on potential. Common to both is that they closely monitor both the financial targets and the key figures.

“My job is to help the market understand Intrum as a company.”

New technology, regulatory changes causing banks to seek long-term partners and online commerce resulting in increased consumption on credit, are among the trends affecting the market dynamics. Among our clients, the customer experience is crucial, as well as their customers being met with care and respect. Our market-leading position and more than 100 years of experience afford us a unique capacity to meet customer requirements and trends alike.

Trends, driving forces and stakeholders

Several trends benefit Intrum

Amended legislation
Following the latest financial crisis, new regulations have come into effect requiring banks to sell their debt portfolios to a greater extent to reduce the risk in their own balance sheets. This has increased the supply of debt portfolios in the market. At the same time, sellers' need to find a strong, long-term partner has increased, meaning that additional factors beyond the price of the portfolio are of significance.

Impact on Intrum and our response
As the market-leading credit management company, we have a unique capacity to meet the banks' new requirements. We are also among the players invited to participate in discussions as the European Commission prepares legislative proposals and new regulations to build a functioning marketplace for overdue loans.

Risks/opportunities
We perceive highly promising opportunities to be a part of the current market trend and to benefit from it.

Focus on the client journey
Companies' focus on the customer journey, or the client experience that causes clients to stay, makes it increasingly important to have a long-term partner in credit management. The trend is for clients to ask that, as a credit management player, we start helping them with late payments at an ever earlier stage.

Impact on Intrum and our response
We are tailoring our IT systems and processes to ensure smooth transitions for customers when we take over credit management from clients. This

The trend is for clients to ask that, as a credit management player, we start helping them with late payments at an ever earlier stage.

is all designed to provide the best possible client journey.

Risks/opportunities
There is a risk that Intrum's systems are perceived as diverse in our different geographical operations, primarily by multinational companies encountering us in several markets. For this reason, we are working to streamline many of our processes and to centralise parts of case management.

Sustainable credit management
Even if a debt portfolio changes owners, there is a risk that the client's reputation will be affected unless its customers are treated ethically and with respect throughout the process until they are debt-free. Accordingly, it is increasingly important for clients, as sellers of debt portfolios, to find a partner who cares for the customers whose cases it handles.

Impact on Intrum and our response
We have worked for a long time as a pioneer in sustainable credit management and are very familiar with the various situations that may underlie late or non-payment. We are guided by our values and strive to understand each individual situation as we help our customers find solutions to lift themselves out of debt.

Risks/opportunities
Our task is to identify solutions generating mutual value for clients and customers, solutions helping customers free themselves of debt while our clients receive payment for their goods and services. This relationship entails a risk of a conflict of interests. At the same time, we believe we can act as a role model, leading our sector in a more ethical and sustainable direction by being guided by our values.

New technologies and new sector players
Rapid technological development is affecting the credit management segment and the financial sector as a whole. New innovations, artificial intelligence, robotics and advanced analytical models enable an improved customer experience and more efficient processes. Innovations challenging traditional approaches go hand in hand with new players entering the market.

Impact on Intrum and our response
Technological development and new players present us with challenges, which is positive as it aids our own development, requiring that we make use of opportunities created by new technology.

Risks/opportunities
Our size brings economies of scale when financing investment in new technology. We also have access to large amounts of data that can be used in this development. Our size and long history also allow us to learn from one another's knowledge and experience to improve and streamline the operations.

Increased digital interaction
Like other sectors of society, credit management is becoming increasingly digital. Increasingly, communications and services are provided through online portals. Multinational corporations demand that services be designed in accordance with a model that looks the same in several countries. Another trend is for companies to seek the most innovative digital services, requiring continuous product development suited to clients and customers' needs.

Impact on Intrum and our response
This means that we and others are required to maintain leading-edge positions in developing digital systems and services.

Risks/opportunities
We perceive opportunities in participating in the digital development driving the sector forward. There is otherwise a risk that we will lose significance in relation to competitors or new players in the sector.

Consolidation of the sector
Traditionally, credit management companies have been locally rooted, but this is changing as larger companies acquire the smaller ones. The current consolidation is driven by the large companies benefiting from economies of scale in connection with increased regulation and digitisation, for example.

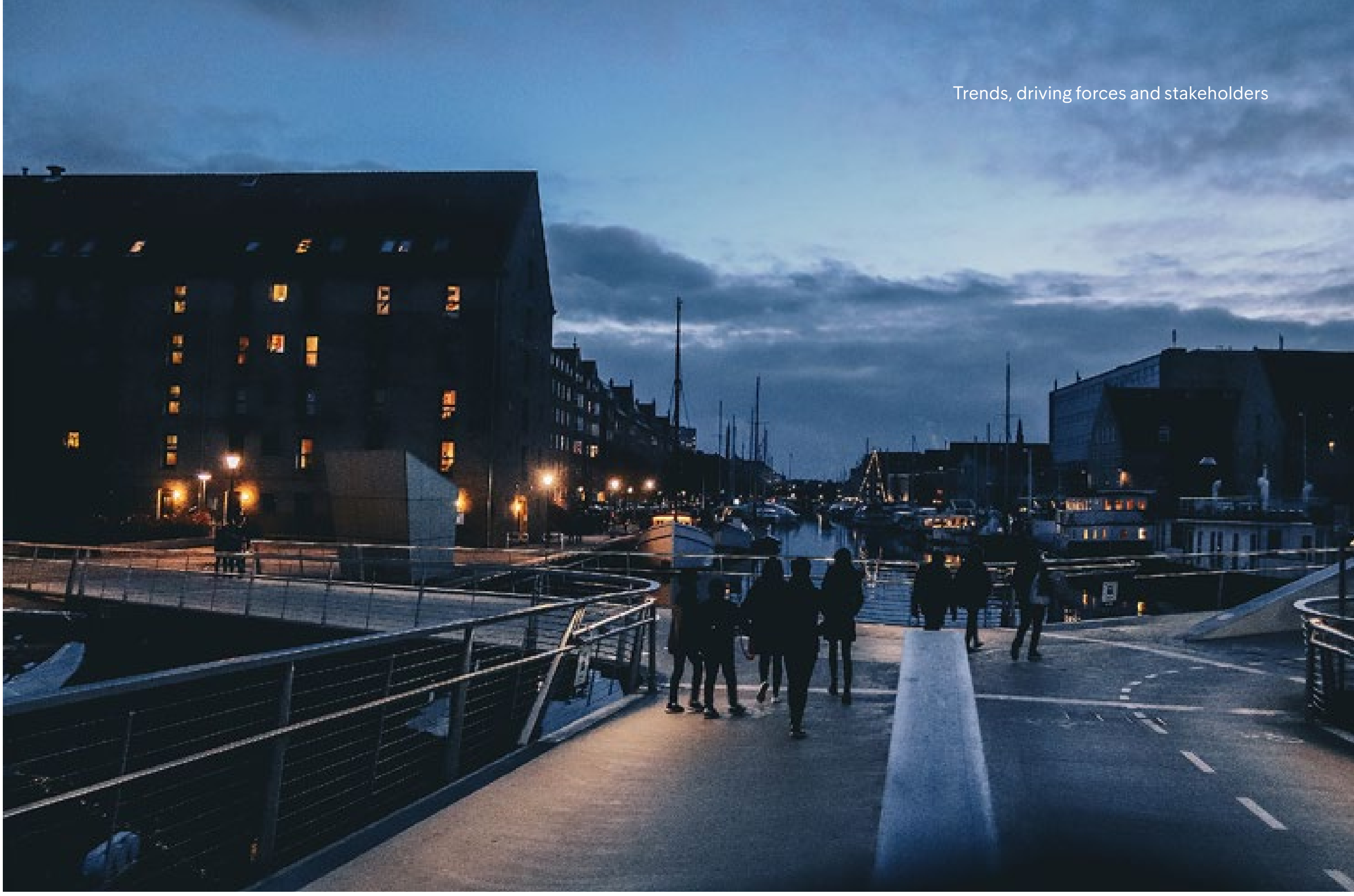
Impact on Intrum and our response
We lead the European market, driving development through several acquisitions in recent years. Our capacity is also increasing to meet the needs of international companies uniformly across several markets.

Risks/opportunities
As a market leader, we are able to meet clients' needs, both locally and across borders, with both tailor-made solutions and standardised concepts.

Cashless society and changing payment behaviours
Online shopping is causing consumers to change their payment behaviours. Increasingly, transactions are cashless, with payment being made on credit. This is causing more people than previously to fall into debt and that the credit market is now booming for serious and less serious players alike.

Impact on Intrum and our response
We are meticulous about the types of receivables we purchase and manage. Accordingly, we refrain from purchasing debt portfolios from companies with operations that deliberately or indeliberately help exacerbate consumers' debt problems.

Risks/opportunities
With the number of purchases made on credit increasing, the risk of late payment also increases. We do our part by helping companies secure payment from customers who have not paid for some reason, and by helping people become debt free.



Dialogue with our stakeholders

Our key stakeholders are those affected by our operations and whose expectations have a significant impact on how we develop our operations. By means of an ongoing dialogue with our stakeholders, we build up the basis for our materiality analysis, which in turn sets the framework of our sustainability agenda. In 2019, we expanded and strengthened our dialogues, particularly those with our shareholders.

Read more about our sustainability work on pages 20–37.

Customers

Our customers are the individuals in debt whom we meet in our day-to-day operations. They are our clients' customers, whose cases we take on when they pay late or fail to pay.

Material issues
Our customers expect and appreciate a personal response, that we display empathy and are able to identify individually tailored solutions. We are also expected to provide user-friendly tools and offer good accessibility.

Clients

Our clients are companies in various sectors, including banking and finance, telecom, energy and consumer products, for whom we help secure payment. Clients span all scales of enterprise, from multinational corporations to small and medium-sized companies.

Material issues
Regardless of their size and the sectors in which they operate, liquidity is essential for companies. How we treat their customers is also crucial as we are part of the customer's journey. In addition, our clients seek a professional partner offering user-friendly and customised solutions.

Employees

In the 25 markets in which we operate, Intrum has some 10,000 employees in total.

Material issues
For our employees, the key, overarching concern is well-being. Material issues include the workplace environment and health, inclusion, skills supply and opportunities for development.

Society

Society is a broad stakeholder group including citizens and policy makers, consumers and companies, authorities and organisations, to name just a few.

Material issues
A well-functioning credit market for both providers and receivers of credit is the overarching significant concern. Priority issues entail helping individuals become debt-free, thereby improving their circumstances, while contributing to sound finances for companies. This is to be achieved by applying a responsible and ethical approach.

Shareholders

Our existing and potential shareholders.

Material issues
Ethical collection, responsible selection of clients and debt portfolios, the well-being of our employees and a reduced climate footprint, are among the issues highlighted as material. An increasing number of investors attach considerable importance to our work on sustainability-related risks.

As a supplier of credit management services, we operate within the gap between clients and customers – a position that imposes demands on both products and services, as well as on how we treat customers.

Our clients and customers

We lead the way towards a sound economy

We help companies prosper by caring for their customers. Our clients are the companies that engage us to help them secure payment for their goods and services. Our customers are the individuals or sometimes companies that, for various reasons, have experienced difficulties meeting their financial obligations. It is our job to find solutions that generate mutual value for our clients and customers. In this way, we help both companies and individuals find solutions for a sound economy, which, in turn, contributes positively to society at large.

With around 80,0000 clients and close to 250,000 daily contacts with customers, Intrum is the European market leader in credit management services. Our clients operate in various sectors, including banking and finance, telecom, energy and also include small and medium-sized companies.

For us, it is a natural choice to cooperate only with

Revenues by business area

60/40

Credit management services 60%
Portfolio investments, 40%

Sustainability targets and activities in 2019

Strategic sustainability area: Enable sustainable payments

Material sustainability issues

- Ethical collection by treating customers fairly
- Responsible selection of clients and portfolios
- Sound finances for our clients
- Favourable payment terms between companies
- Sound transactions
- Increased financial literacy in society

Activities in 2019

- Streamlining of internal processes for a smoother credit management process for all parties.
- Training initiatives to enhance know–ledge of personal finances.

Targets for 2020

Uniformly measure satisfaction among customers in at least 12 of our 25 markets.

4 QUALITY EDUCATION

17 PARTNERSHIPS FOR THE GOALS

UN's Sustainable Development Goals (SDG)

With our training initiatives, we teach more people to understand their personal finances, including financial concepts. With our proactive efforts to disseminate information of the impact of late payment on the economy, and by helping companies secure payment for their goods and services, we can contribute to the realisation of UN Sustainable Development Goal 17.13 Enhance global macroeconomic stability.

Digital solutions play an increasingly important role in our operations. Credit management is viewed as a strategic element of the customer journey – one that can help strengthen both customer loyalty and the brand.

companies and suppliers who share our values of good business ethics. We choose our clients and partners with care. In practice, this means that we do not, for example, collaborate with clients whose invoices lack a legal foundation, that apply unethical lending terms or that use aggressive sales methods.

The market for credit management services and overdue receivables

According to our European Consumer Payment Report 2019, 24 percent of Europe's consumers need to borrow money to pay their bills, compared with 20 percent in 2018. As a consequence, an increasing number of companies also suffer from late payments, both for corporate and consumer loans. There are several consequences when companies do not receive payment for the goods and services they have sold. In Intrum's European Payment Report 2019, many European companies state that they experience strained liquidity (30 percent), revenue losses (28 percent) and growth constraints. More than one in five companies also say that they could employ more people if they received payment on time.

Stable cash flow and strong liquidity form the basis for stable finances in all operations. For SMEs, support in managing late payments, including associated administration, can be crucial to the company's survival.

Many of our clients also operate in sectors where competition for customers is fierce. Here, companies seek a partner who can be part of the customer journey, regardless of where the customer is in the purchasing process. This applies to companies in the telecom and energy segments, for example, but also within banking and finance. Other forces driving demand for products and services are macroeconomic events and new legal requirements and regulatory changes. One example is the banking sector, where increased regulations in recent years have led to an increased focus on costs, a trend that has generated greater opportunities for us to acquire entire portfolios of overdue receivables (read more about trends and driving forces in the market on pages 16–19).

Credit management – a strategic part of the customer journey

As a leading player in credit management, we offer a complete range of services covering the entire credit management process, from credit optimisation and payment services to late payments and collection, where our customer focus is on the latter.

To better meet our clients' changing needs, during the year we began work on segmenting our offering more clearly. Many of our international clients, particularly e-commerce companies with a large number of consumers spread across several geographic markets, are looking for standard

solutions that can be implemented quickly and on a broad front. Similarly, we have clients requiring more specially-adapted and tailor-made solutions. This applies to the Nordic banks, for example, who often seek support early in the value chain, with both invoicing and reminders. We also have clients who are looking for a strategic partner in portfolio transactions. In all cases, we also offer to take over entire portfolios of overdue receivables, if the client so wishes.

Digital solutions play an increasingly important role in our operations. Credit management is viewed as a strategic element of the customer journey – one that can help strengthen both customer loyalty and the brand. In 2019, work began to establish a centralised and more automated credit management process and infrastructure. The aim is to enable greater efficiency in both data management and analysis, as well as in the interaction with clients and customers. Among other things, we have developed standardised portal solutions for both clients and customers. It will be possible to integrate these into our clients' own systems as necessary, thereby contributing to a smoother credit management process for all parties.

Digital solutions also bring increased access to data that can generate value in a wider context. Today, we already aggregate data available locally to gain a better understanding of our clients' and customers' situations, and their support needs. With a more centralised process, we are building the conditions on which we can develop into an even more data-driven company, in which artificial intelligence, data analysis and business intelligence are parts of everyday life. This can generate value in all markets through, for example, the development of customised products and services for specific customer needs.

Our clients show the way

Our clients' experience of our products and services is important to us. To understand how we can develop our approach, an independent survey is conducted each year to derive a satisfaction index. According to the latest survey, which was conducted in the autumn of 2019, the index was 73, which was in line with the preceding year. A total of 2,200 companies from 22 of our markets participated.

The trend shows that Intrum is generally perceived as a competent company that enjoys the trust of its clients. Intrum's employees are perceived as respectful in their communications with customers.

Values strengthening the customer encounter

Falling into debt can be very stressful, and it is not uncommon that the customers we talk to experience major social ordeals. We are aware that people can find themselves in different degrees of

Culture Index

80

Following the merger to form Intrum, new values were elaborated in 2017. Since 2018, we have surveyed how well our employees feel we live up to our four values – Empathy, Ethics, Dedication and Solution – in our day-to-day efforts. During the year, we achieved a score of 80/100 in our Culture Index (80).

debt, with differing financial circumstances. For this reason, we attach great importance to offering support in finding a sustainable solution, regardless of the cause of the debt or late payment. We know that the reason for falling into debt and not being able to pay on time can be anything from a forgotten bill to life-changing events that can have major financial consequences.

With Intrum's shared values as the fundamental principle, the objective is always to treat each customer with empathy and respect for their individual situation. Since 2018, we have measured how well our employees feel we live up to our four values – Empathy, Ethics, Dedication, Solutions – in our day-to-day efforts (read more on page 27). In 2019, we achieved a Cultural Index of 80/100, which is in line with the preceding year.

To lead the way towards a sound economy

Our annual public surveys provide us with useful insights on personal finances and how companies are affected by late payments. In the European Consumer Payment Report, 24,000 European consumers discuss their personal finances, with a focus on credit and borrowing and the European Payment Report asks some 10,000 European companies about their experiences of late or defaulted payments. The reports are used in our dialogue with clients, at seminars, conferences and in other forums where we can share our insights.

The European Consumer Payment Report 2019 revealed a knowledge gap regarding issues of personal finance. To respond to this need, we also work pro-actively with education initiatives across Europe. In Sweden, for example, we have developed an interactive online lesson in personal finance called Spendido. The contents respond to a number of requirements in the current upper-secondary curriculum and explain what buying on credit entails by highlighting the potential consequences of a careless approach.

Given our size, we consider it our responsibility to work pro-actively, disseminating knowledge to both clients and customers on issues related to a sound economy. The purpose is to pre-empt late payments and excessive debt and to encourage sustainable payment flows. By spreading and increasing know–ledge about personal finance, credit and debt, we also have the opportunity to contribute to UN Sustainability Goal 4: Quality education for all.

Client Satisfaction Index

Based on an independent survey among our clients. We achieved 73/100 for the year.

Focus ahead

- Extend the screening of new clients with regard to social criteria, such as data protection.
- Develop and formalise principles for our ethical approach to customers.

Torben Friis Serritzlev works as a Key Account Manager at Intrum's office in Denmark, where he is responsible for some of the company's largest local clients, including SATS, the Nordic region's leading fitness chain.

"Access to cash flow is essential for all businesses"

What do the market's credit management needs look like?
"To develop, all businesses need stable cash flow, although, in reality, their conditions often vary. Many of our clients struggle with the administration of outstanding credits where their customers' payment capacity has been affected by various causes. This is where Intrum comes in – as a link between companies and individuals who have been unable to pay in time. We offer the tools and processes needed for companies to secure payment for their goods and services, and to help individuals free themselves of debt."

What is the most common reason for companies to contact Intrum?
"The most common reason of all is resources need to be freed up to be able to focus on the core operations, and to find ways to facilitate increased growth. Small businesses in particular may not have the resources and capacity needed to handle outstanding loans. Although the reasons vary, they share in common that we help strengthen companies' cash flow and liquidity – which is prerequisite for growth, development and long-term survival."

Interesting facts[1]

- Having declined steadily since 2016, credit losses among companies, rose from 1.69 percent in 2018 to 2.31 percent in 2019.
- More than a fifth of the companies believe they could recruit more if they received payment on time.
- Half of the companies believe that their home countries will be cashless within ten years.

1) European Payment Report 2019 – a survey of 11,856 European companies

How does Intrum generate value for clients?
"We have the people and solutions needed for a smooth credit management process. Our employees do a fantastic job for the customers. In addition, intelligent products and services are in place, supporting the needs of all parties. Something else our clients value is our long-term approach to our work. The collaboration with SATS, which began back in 2008, is a telling example. Since then we have, as a strategic partner, helped gradually develop the credit management process, with the ambition of optimising value creation for SATS and its customers alike."

What are the products and services needed for an effective credit management process?
"Our systems consist of digital platforms that streamline the entire workflow by increasingly automating processes. These systems are also often integrated into our clients' customer management systems, meaning we can quickly and easily assist our clients' customers without delay, reinstating, for example, access to a service when a debt has been settled. In this way, we function as our clients' extended arm. The credit management process is part of the customer journey and we are happy to also be able to support our clients in this regard."

What makes the job as Key Account Manager at Intrum most meaningful for you?
"That would be helping our clients strengthen their profitability and create conditions for development and growth with the right mix of products and services. And we do all of this while helping vulnerable people find their way back to a sound economy."

"We work as a strategic partner, helping companies free up resources so that they can focus on their core operations."

Torben Friis Serritzlev and Jakob Hansen.

Our employees' skills, motivation and drive determine our opportunities to generate value for our stakeholders. As an employer, we seek to offer opportunities to grow by making a difference.

Our employees

Together we generate value for people, companies and society

Working at Intrum means becoming part of our purpose as a company – to lead the way towards a sound economy for people, companies and society. We believe this conveys a deeper sense of meaning in the work we perform, a chance for personal development in addition to the opportunities for professional development that we are able to offer as an international company.

An eventful year

Our objective is to be the most attractive employer in our sector. During the year, we involved our employees in the development of Intrum's Group-wide employer brand and this resulted in four areas that, combined, describe who we are and who want to be for our employees. Besides offering an opportunity to grow by making a difference, our size and position as a company provide favourable opportunities to specialise, advance or rotate into new roles, or even to test one's wings in a new country. Our position in the market also affords each employee an opportunity to join us on our broader journey as a corporate citizen, as well as being involved in the advancement of the credit management industry. In addition, we are able to offer a corporate culture and value base that support our day-to-day efforts. Our values are conceived by our employees, they are inclusive and take each individual into account while also posing challenges and rewarding each effort made.

To support our managers in their role as ambassadors for the company's values, we elaborated new leadership principles during the year. These are tied to our core values and are designed to guide our managers in their daily work – Trust, Clarity, Change and Growth. These principles address how we build trust and achieve clarity internally and externally, how we lead change in a dynamic world and how we facilitate our employees' personal development. With the acquisition, during the year, of Piraeus Bank's unit for overdue receivables, through which about a thousand new employees joined the Group, some 200 managers participated in training programme focusing specifically on these management principles.

Our journey of growth in recent years has also increased our focus on harmonising processes and methods within the Group and one of our Human Resources (HR) function's largest projects in 2019 involved implementing a new Group-wide HR system. The system encompasses all employees globally, providing a robust tool, enabling the harmonisation of all central HR processes, associated with recruitment and skills development, for

34

The number of different languages we speak and in which we are able to serve our customers and clients.

Sustainability targets and activities in 2019

Strategic sustainability area: Growing by making a difference

Material sustainability issues

- Attract and retain talented individuals, including employee well-being
- Diversity and inclusion

Activities in 2019

- Development of leadership principles connected to our values
- Implementation of a central HR system

Targets for 2020

Reduce the turnover initiated by employees from 18 % to 15 percent by 2020.

8 DECENT WORK AND ECONOMIC GROWTH

UN's Sustainable Development Goals (SDG)

We value being responsive to the needs of our employees and we strive to provide a good working environment pervaded by equality, inclusion and respect.

Our values help us take the lead

Thousands of our employees have together helped formulate the values we share as a company – Empathy, Ethics, Dedication and Solutions. These values guide us in all that we do, from how we work with our clients to how we respond to our customers.

Empathy

Our day-to-day operations entail generating value for people, companies and society. Each situation is unique and has its own financial and social impact. We strive to meet people on their own terms and to treat others with dignity and respect. This applies to all – our clients, customers and colleagues. This approach allows us to find meaning and value in what we do and to achieve our shared vision.

We listen actively and seek to understand.

We keep an open mind and are flexible.

We show patience and offer support.

Ethics

Our ethical standards and expectations extend beyond the requirements of the law. We behave as role models and consider it our responsibility, and an opportunity, to set new standards to change people's view of the credit management sector. This entails treating our clients' customers with consideration and respect under all circumstances and cooperating with companies and customers who share our values. To achieve this, we behave fairly and honestly in everything we do.

We focus on society and sustainable enterprise.

We take responsibility for our actions.

We do the right thing – living and acting according to our values and our Code of Conduct.

Dedication

Our committed employees are one of our greatest strengths. By trying to improve a little every day, we bring out the best in one another. We grow as individuals and as a team to shape our company's future, thereby providing added value for our clients and their customers. Our industry is changing constantly, we are always moving forward and never cease developing.

We share knowledge across borders.

We are committed to, and responsible for, our own development.

We go that little bit further and never give up.

Solutions

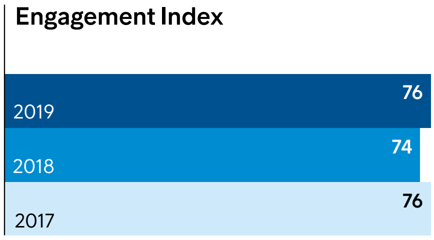
What makes us stand out in the market is our capacity to identify and develop the best solutions and to create win-win situations for our clients and their customers. By being innovative and efficient, we exceed expectations and assume a role as a knowledge leader in our sector.

We focus on results, not problems.

We collaborate to provide our clients and customers with innovative solutions.

We value quality and professionalism.

Our values are conceived by our employees, they are inclusive and take each individual into account while also posing challenges and rewarding each effort made.



example. With its interactive features and accessibility through multiple digital devices, the tool simplifies the practical efforts of both managers and employees.

Issues of skills supply and succession planning were also high on the agenda during the year. Credit management services is a complex area, and local support for the different country organisations, safeguarding appropriate skills and capacity, plays an important role. This will remain a key issue for the HR function in further strengthening Intrum's position.

Clear framework for HR work

Group-wide HR work is headed by our global Chief Human Resources Officer. Local HR functions play a key role in managing our local employees and support the business operations in the different countries by providing the necessary HR processes, policies, tools and support and by aiding their implementation.

Naturally, we comply with local employment legislation and regulations in all countries. Intrum respects the right to collective bargaining, as well as our employees' rights to form and join the trade associations of their choosing in accordance with national labour laws. When restructuring, our objective is always to offer favourable solutions in dialogue with both individual employees and the trade unions. As part of the Group-wide efficiency improvement programme announced in the autumn of 2019, which seeks, among other things, to generate synergies within the Group, negotiations with the trade unions commenced during the year in certain markets. In Spain, these negotiations involved the integration of the property management company Solvia Servicios Immobiliarios, the acquisition began earlier but was completed during the year.

Our HR Policy provides a framework for how HR work within the Group should be conducted, and guides managers at all levels in their day-to-day efforts. We also have a Remuneration Policy and various other regulations on the management of specific HR areas, including recruitment.

The importance of engaged employees

To ascertain our employees' well-being and engagement, we conduct My Voice, an annual comprehensive employee survey. In the most recent survey, conducted in the spring of 2019, the response rate was 84 percent, which was slightly higher than in the preceding year (82 percent). The engagement index rose to 76 (74). This index measures energy and motivation combined with employees' perception of clarity and targets in their daily work. The survey shows engagement among both employees and managers to have risen, although there are local variations in the results.

Several initiatives were taken during the year that, combined, helped strengthen the commitment of our employees.

In addition to My Voice, several smaller local pulse surveys are conducted each year to monitor development and facilitate local measures based on needs.

Skills development for the future

Like all companies, we are dependent on our employees' skills and experience in building our competitiveness. The duties of about 6,000 of our approximately 10,000 employees involve speaking with our customers over the phone – a job requiring both specialist knowledge of local laws and regulations, as well as empathic skills. Interacting with people in vulnerable situations demands a capacity for listening to and relating to people's circumstances. It is also important to be solutions-oriented – to find good new approaches that are sustainable, both for the individual, as well as for the company that has yet to be paid. An analytical capacity and technical skills are also essential in making use of the different digital tools we apply.

It is crucial that our employees be afforded sufficient resources, knowledge and opportunities to perform their duties, and we work continuously to ensure that we meet the needs of each individual in the regard. Each employee shall attend an annual development talk at which plans are compiled for the employee's professional and personal development in consultation with his/her immediate managers. At the same time, our own urge to develop is important in today's rapidly changing world. All of our employees have access to a digital development platform supporting this self-teaching culture, through which they are also encouraged to book brief, regular meetings with their managers. The platform is part of our new HR system and includes training both online and in real life, for which employees can register voluntarily.

To attract talented individuals and develop them within the company, we foster internal mobility and work actively to illuminate internal career paths. For graduates, our "Next Generation Programme" plays an important role in developing future leaders and analysts within the company. The purpose is also to strengthen our employer brand and to attract and develop future leaders. In 2019, eight new participants were inducted into the programme, all with different backgrounds from our European markets. Over a 12-month period, participants have opportunities to work in different parts of our operations and to build networks and develop. The programme also offers participants the opportunity to spend two months working in another of our markets.

Increased diversity strengthens us
With operations in 25 countries and with employees speaking 34 languages, we are proud to be a multicultural company. We are certain that increased diversity increases our competitiveness, making us collectively more responsive to our clients and customers' needs.

As an employer, we do our utmost to treat all employees with respect and to afford equal development opportunities to all. To highlight this issue at the management level, diversity and inclusion have been an integral part of our management principles since 2019. Although 62 percent of the company's employees are women, the proportion is lower among senior roles and this is something we are working to change.

During the year, training was also provided on the social work environment, which included issues of workload and harassment. The purpose is to discuss work environment issues at the management level and to communicate what sort of workplace we seek to be. As an initial step, managers at headquarters received this training and, looking ahead, it will reach additional managers in the operations.

Preventive efforts in diversity and inclusion are guided by our HR Policy and Code of Conduct that together provide the basis on which all employees shall enjoy their fundamental freedoms and rights as individuals. Incidents associated with discrimination or harassment in the workplace can always be reported through our whistle-blower channel and are then handled by the heads of compliance, HR and the Internal Audit.

Focus ahead

- Efforts to further increase diversity and inclusion are continuing.
- Activities for increased engagement.
- Internal launch of leadership principles.

With operations in 25 countries and with employees speaking 34 languages, we are proud to be a multicultural company. It is our conviction that increased diversity makes us more competitive.

With more than five years' experience working in customer support in Intrum's UK operations, Lietta Pennucci, Customer Operations Manager, knows what she is talking about.

"You have to be a good listener"

What is the typical customer like that you encounter in your day-to-day work?
"I would probably say someone encountering unforeseen financial difficulties. They are often people who have lost their jobs, had a relationship fall apart or suffered serious illness. Serious difficulties can affect us all in life. Our task is to help these people rid themselves of debt and find their way back to sound finances."

What help does Intrum offer and how does this work practically?
"The first thing we do is work out a payment plan that is sustainable over time and that takes into account the customer's capacity to pay. If the situation so demands, we can adjust or even pause a payment plan. This can mean a great deal to someone who may be seriously ill and has no savings at all. Besides setting up payment plans, we advise on where to find other help. This may include providing contact details of charities providing free counselling and support for people in financial difficulties."

Interesting facts

- According to our European Consumer Payment Report 2019[1], nearly half (45 percent) of European consumers state that their bills are increasing faster than their income.
- Intrum's call centre in the UK helps nearly 1,000 customers every day.
- For the sixth consecutive year, our UK operations were awarded the gold standard in the independent customer experience assessment conducted by Investor in Customers (IIC). Intrum is the first IIC customer ever to have achieved gold in its first assessment and has maintained the maximum rating for six consecutive years.

1) Survey conducted among 24,000 consumers in Europe.

How do you prepare to encounter these people, whose whole lives may have been turned upside-down?
"Everyone starting here receives introductory training. You learn how to listen to people in vulnerable situations and how to respond to them. Empathy and a capacity to see the way forward for each individual are crucial. In the initial contact with a new customer, you never know who you have at the other end of the line. Naturally, the training also includes learning about what laws and regulations apply, as well as what systems we use."

Do you ever find yourself personally involved in the customer's situation?
"Of course we do, even though we never meet them in person. At the end of the day, they are people. And we have been in contact with some customers for a long time. You think about the most vulnerable people in particular and hope that it all turns out well for them. At the same time, it is our job to handle these situations professionally."

What gives you most pride in your work?
"Being able to help so many people. Many of those we encounter are desperate and can see no way out at first. Our ability to show them the way and help them rid themselves of debt makes me proud. It's rewarding to see that it works. Also, in our focus groups, where we invite customers to participate in a dialogue and give us feedback, many have also express their gratitude. People feel that we make a difference for them."

“Our most important task is to see the person behind the debt and to work out sustainable payment plans.”

Our vision is to be trusted and respected by everyone who provides and receives credit. We strive on a daily basis to approach our vision, and do so by assuming responsibility for how we interact with our clients and customers. Our market-leading position affords us substantial opportunities to drive the credit management industry in a more sustainable direction.

Our social contribution

Our contribution to a sustainable credit market

When credit is offered and used responsibly, the credit market is a strong financial asset for companies, individuals and society in general. We play an important role in the financial system by ensuring that money flows securely between lenders and borrowers. With services that generate growth while helping people become debt-free, we build value for individuals, companies and society.

Both nationally and internationally, we are engaged in dialogues with legislators, authorities and sector organisations. Several regulatory changes have had an impact on the sector in recent years, with the EU's Non-Performing Loans Directive (NPL) being an example of regulations that will have a major impact throughout the sector if introduced. The directive aims to improve the conditions for banks to manage NPL efficiently while also reducing the risk of such loans accumulating in the future. The contents of the directive include requirements for more consumer-friendly collection procedures. During the year, we participated, on-site in Brussels, in efforts to analyse, comment on and communicate aspects of the proposal. In addition to the Commission's working group on the NPL Directive, we met with a number of representatives of the European Parliament and representatives of the Member States in the Council of Europe. Alongside this, we also participated in consultations ahead of the EU's revision of the existing Consumer Credit Directive.

Work is also in progress in the area of data protection aimed at strengthening consumer protection. As a member of sector association FENCA (Federation of European National Collection Associations), we have been involved in developing a GDPR Code of Conduct to be certified by the European Data Protection Board. The purpose of the GDPR Code is to establish shared practices in the sector on how data protection requirements are to be interpreted in relation to the large amount

Sustainability targets and activities in 2019

Strategic sustainability area: Be a respected and highly trusted actor

Material sustainability issues

- Anti-corruption
- Reduced environmental impact
- Responsible value chain and partnerships
- Data security and privacy
- Relations with decision makers and organisations

Activities in 2019

- During 2019, 2,368 employees attended our training in counteracting money laundering.
- Environmental plans were formulated locally in all countries to minimise our impact on the climate.

Targets for 2030

To achieve climate neutrality at the latest by 2030 and to reduce our total greenhouse gas emissions by at least 20 percent compared with 2019.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

UN's Sustainable Development Goals (SDG)

We observe zero tolerance of corruption and bribery and work to counteract all forms of illegal behaviour within the framework of our operations. Thereby, we help combat corruption.

We consider participating actively in the debate on current issues in the sector and helping develop new credit management regulations as one of our most important tasks as a good corporate citizen.

of personal data that collection agencies need to handle on a regular basis.

We consider participating actively in the debate on current issues in the sector and helping develop new credit management regulations as one of our most important tasks as a good corporate citizen. In this way, we are driving the future development of our industry in a sustainable direction. With our extensive experience and knowledge of credit management, we are also happy to share our expertise. Each year we produce two reports on European consumers (European Consumer Payment Report) and companies' views on payments and credit management (European Payment Report). For several years, we have regularly presented these reports to the institutions of the EU, which have, in turn, referred to the reports in, for example, the Late Payments Directive.

Our commitment for sustainable operations

Internally, we focus on developing sustainable business practices that generate value for our stakeholders. In addition to procedures for compliance with laws and regulations, we connect our assessment and management of risks and opportunities to our material sustainability issues. Implementing policies and instructions that guide our employees with regard to our ethical stance represents an important part of these efforts.

Our core values (read more on page 27) gives us a stable and secure foundation on which to stand on in our work with sustainability. We have also signed the UN Global Compact, thereby undertaking to implement its ten principles regarding human rights, labor, anti-corruption and the environment throughout our operations. This work is ongoing on a daily basis and involves many key functions in the Group.

Our commitment under the Global Compact represents an important part of our Code of Conduct, which summarises the Group's ethical guidelines and encompasses all of our employees and others representing the Company, including suppliers and partners. To support the implementation and follow-up of the Code of Conduct among our employees, during the year, we developed a tailor-made digital education package, specifically adapted to operations like ours. The training package includes scenarios with examples of actual ethical dilemmas taken directly from our operations. The launch took place in early 2020, and the target is for all of our employees to have completed the training before the end of the year.

In 2019, a game based on our values was also launched in our employees' local languages. The game includes dilemmas associated with our values and seeks to direct increased focus on ethical issues, among other things. It encourages active dialogue among employees on desired behaviours, and communicates clearly where employees can turn for support in making decisions.

Beyond strengthening the implementation of our ethical guidelines among our employees, we have gradually increased the requirements we impose on suppliers. Today, our largest suppliers are required to sign our Code of Conduct and to adhere to it as part of their supplier agreement with Intrum. To ensure good control, risk management and regulatory compliance, we reserve the right to conduct reviews and audits of our suppliers' operations.

Alongside the Code of Conduct, there are also a large number of other policies and instructions providing guidance on specific sustainability issues, such as data protection and anti-corruption.

For a complete presentation of our sustainability governance, see page 103.

Internal sustainability work
Our prioritsed sustainability issues have been defined in collaboration with Intrum's stakeholders. To reinforce our capacity to focus optimally on sustainability work, this dialogue continued in 2019, involving shareholders in particular. As a result of the dialogue, certain adjustments were made in our materiality analysis, in which we conducted interviews with Intrum's largest shareholders, corresponding to approximately 60 percent of the total shareholdings in the Company (read more on page 103-104).

Our various functions each play an important role in our sustainability work, which is ultimately led by the Board of Directors and Group Management. To simplify coordination and integration and to strengthen the governance of the sustainability work in the Group as a whole, an internal Sustainability Integration Committee was also formed, with representatives from our Credit Management Services and Portfolio Investments business areas, as well as from HR, Risk, Compliance, Finance, and Communications and two of our country managers. The group met first in the autumn of 2019, with materiality analysis and preliminary work on the sustainability strategy on its agenda.

Data security a priority
Given the large amounts of data on customers and clients that we handle, data security and data management represent one of our most important sustainability issues. We have both a legal and an ethical responsibility to handle sensitive data in a manner guaranteeing respect for personal privacy, and paying due consideration to the human right of freedom from arbitrary interference with privacy. Incorrect use of sensitive details or loss of data, could cause great harm to the individuals affected, as well as to clients and to us as a company.

The fundamental principle is that we only process personal data for which we have legal grounds to do so and that are necessary for our operations. For legal reasons, we are required to provide certain personal data to authorities to prevent and monitor suspected cases of money laundering and other criminal activities. Our Privacy and Data Protection Instructions guide our operations and serve to ensure that personal data is handled correctly. These are adapted to our operational activities and all operating Group companies have appointed data protection officers

Given the large amounts of data on customers and clients that we handle, data security and data management represent one of our most important sustainability issues.

who assure and regularly monitor our GDPR compliance.

Whenever changes are implemented in our operations (for example, changes in systems support) and whenever changes are made to our services and product offerings, these must be assessed in terms of their bearing on data protection. In the area of GDPR, systems support and other aspects are under rapid development, while demands from public authorities for more detailed documentation are also increasing. Assessing and managing such changes in the operations is a key component in the work of our regulatory compliance function.

Anti-corruption and transparency

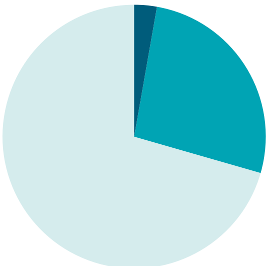
As a player in 25 markets, we are, like other companies, exposed to corruption risks.

For us, applying zero tolerance of corruption is a matter of course, and our Code of Conduct and instructions against bribery and corruption guide our employees and others representing the Company in how we should act to manage this risk. To ensure that we cooperate only with companies sharing our values on good business ethics, we regularly review clients and suppliers alike.

The compliance function has received a number of inquiries from the operations regarding, for example, planned corporate events and customer representation where the application of the regulations is relevant.

In addition to corruption, players in the financial and credit markets also run the risk of being exploited for money laundering, which has become a growing problem in society. In 2016, we implemented "Know Your Client" processes that have also now been implemented in the units acquired from Lindorff in 2017, meaning that clients are reviewed both before and during our collaboration with them. Suspicious transactions are reported regularly to the relevant financial authority. The Group's instructions on counteracting money laundering and terrorist financing and on the sanctions to be implemented summarise how we work to prevent Intrum's operations from being used illegally.

Our climate footprint, CO_2e[1] emissions



- Scope 1, 174 tonnes (3%)
- Scope 2, 1,815 tonnes (27%)
- Scope 3, 4,819 tonnes (71%)

Total tCO_2e emissions: 6,808[2]

Scope 1 pertains to emissions from cars that we own.

Scope 2 pertains to emissions from energy consumption at our offices and includes consumption of electricity, heat and cooling.

Scope 3 pertains to emissions from business travel, including by air and rail.

1) GWP 100 (IPCC 2014).
2) Location-based. More information is available on page 107.

We care about our climate and the environment

The climate issue is one of the greatest challenges of our time and is an issue affecting individuals, companies and society in general. As an international company, seeking to minimise our negative climate footprint is a matter of course. Intrum's principal source of emissions derives from energy consumption at our offices, followed by business travel. A smaller proportion of CO_2e emissions also derives from transport using company cars.

In 2019, our emissions decreased from 8,454 to 6,808 tCO_2e. The Group's work to mitigate its environmental and climate impact is regulated by our environmental instructions and Code of Conduct. Each of the Group's local operations has also formulated a plan of action to reduce its environmental impact. This involves measures including reducing travel and conducting meetings online, as well as improving energy efficiency in our offices, for example.

Incident management

Despite active sustainability efforts, we are aware that incidents adversely affecting us or the external community can occur. We are committed to ensuring that all employees and others feel secure in reporting incidents that violate our ethical guidelines, and we urge them to report suspected regulatory violations either to their immediate manager or someone else in a position of responsibility or to use our whistle-blower function – the Code of Conduct Hotline. This is provided by an independent external supplier and is available around the clock via the Internet or by phone in the national language of all countries in which we operate. It is of course possible for a whistle-blower submitting a report in this way to remain anonymous. Reported incidents are addressed confidentially by our ethics council, which evaluates incoming cases and takes the necessary measures. In 2019, two incidents were reported via the whistle-blower function prompting further investigation and measures. Although these incidents were not in violation of the law, they were found to be in contradiction of our Code of Conduct and involved an investigation of harassment and the handling of conflicts of interest.

Focus ahead

- Annual risk assessment of regulatory compliance risks.
- Risk-based training initiatives in, for example, anti-corruption and anti-bribery legislation.
- Reduced climate footprint.

As Chief Compliance Officer, Lina Rollby Claesson is developing Intrum's compliance work.

"We want to lead the development of a sustainable credit market"

What is Intrum's most important task as a corporate citizen?
"Daring to place the consumer foremost, working actively to help people get out of debt quickly and easily. The boundary between collection and debt counselling is becoming blurred. It is equally important for companies to actually get paid for the goods and services they sell. Effective collection processes are needed for the credit market to function and to be able to contribute to society's expanding economy. We play an important function here in ensuring that this is achieved in an ethical and balanced way."

How mature is the credit management segment?
"Traditionally, the segment has had a somewhat dubious reputation in some countries, although the trend is now favourable. Several new regulations have been introduced in recent years, helping strengthen the maturity of the sector, including the new NPL Directive that introduces licensing requirements, management testing and other general requirements in the area of collection. Another example is GDPR. People are now becoming aware of their rights in the field of data protection, which is good. Several countries have also begun to implement the new regulations, pertaining to the collection segment, designed to counteract money laundering."

What is your most important task as Compliance Officer?
"Ensuring that our employees understand the regulations applicable to our operations and that they are able to apply them in everyday life. To streamline these efforts, we have built up a network of local Compliance Officers, all applying the same risk-based methods, which has contributed to a more proactive dialogue internally. This also applies to our dialogues with authorities and investors, which is also important in being able to contribute to the general development of regulatory compliance."

How do you know whether employees really understand where the ethical boundaries lie?
"Information and training are fundamental, but to get everyone on board, you have to work with these issues practically. For reasons including building commitment, when developing our new course on the Code of Conduct, we solicited examples of real ethical dilemmas from the local operations. The other side of the coin involves monitoring and review, and maintaining good procedures for reporting violations."

What is in focus for the future?
"The launch of our new course on the Code and Conduct in early 2020 represents an important milestone. Other issues on my desk, looking ahead, are GDPR, where the systems-support and documentation requirements are becoming increasingly detailed, as well as the money laundering regulations that are increasingly mandatory. Also essential is a continued dialogue with consumers, clients and representatives at the EU level, on the mission and function of the credit management segment in society."

Interesting facts

- As a member of sector organisation FENCA's Legal Affairs Committee, Lina has been involved in developing a new GDPR Code of Conduct that is to be certified by the European Data Protection Board.
- Lina is also involved in lobbying regarding the EU's proposal for a Non-Performing Loans Directive and for an active dialogue with the EU institutions on its contents. The directive aims to strengthen the requirements imposed on the players in the credit management segment.
- In 2019, 2,368 employees participated in our anti-money laundering training. The course forms part of our work to strengthen compliance within the Group and to increase our employees' understanding of our material sustainability issues.

"It's a matter of building trust in our operations."

The share

Intrum's shares have been listed on the Nasdaq Stockholm exchange since June 2002. Since January 2014, the shares have been listed on the Nasdaq Stockholm Large Cap list of companies with a market capitalisation of more than EUR 1 billion.

Share capital

On 31 December 2019, Intrum AB's (publ) share capital amounted to SEK 2,899,805,490,910 distributed between 131,541,320 outstanding shares, of which 600,000 were treasury shares. Each share entitles the holder to one vote and an equal share in the Company's assets and earnings.

Market capitalisation, price trend and turnover

In 2019 the price of Intrum's share rose from SEK 205.7 to SEK 279.4, an increase of 35.8 percent, adjusted for a dividend of SEK 9.50 per share. During the same period the Stockholm Stock Exchange's index (OMXS) rose by 29.6 percent. The lowest price paid for the share during the year was SEK 204.9 on 3 January, and the highest was SEK 289.0 on 19 January. The price at the end of the year gave a market capitalisation for Intrum of SEK M 36,753 M (27,058). Share trades were concluded on every business day of the year. An average 299,285 shares were traded per day (420,599) on the Nasdaq Stockholm Exchange. A total of 75,521,981 shares were traded during the year. Trading also took place on other exchanges, such as Chi-X and Turquoise, as well as through "dark pools" and other OTC trading.

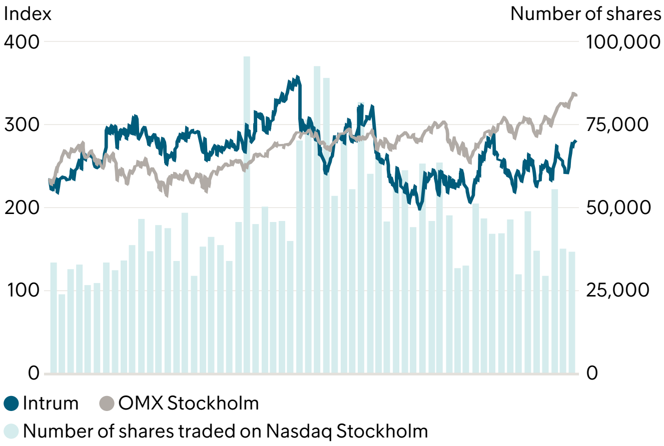
Shareholders

At the end of 2019 Intrum had 22,413 shareholders, compared to 20,744 the year before. The 11 members of Group Management had a combined holding in Intrum of 416,958 shares and Intrum's Board members held a combined total of 75,800 shares.

Shareholder communications

Intrum places considerable focus on investors and meets them and other market participants regularly to increase interest in the Company and the understanding of it.

Shares traded



Share repurchase

Between 2013 and 2015, the Company repurchased shares, but in 2016 and 2017 there were no repurchases. In 2018, 250,000 shares were repurchased and 350,000 shares were repurchased in 2019, constituting treasury shares at the end of the year.

Dividend policy

Intrum's Board of Directors also aims to annually propose a dividend or its equivalent to shareholders that over time averages at least half of the net earnings for the year after tax. Decisions relating to dividend proposals take into account the Company's future revenues, financial position, capital requirements and the situation in general. For the 2019 financial year the Board is proposing a dividend of SEK 11.00 per share. The proposed record date for the dividend is 8 May 2020.

Data per share

	2019	2018	2017[1]	2016	2015
Earnings before and after dilution, SEK	–2.76	14.18	14.62	20.15	15.92
Operating cash flow, SEK	48.77	46.84	–	46.64	39.74
Shareholders' equity before and after dilution, SEK	168.12	180.26	170.59	55.88	42.66
Dividend/proposed dividend, SEK	11.0	9.50	9.50	9.00	8.25
Dividend payout, %	n/a	67	65	45	51
Share price, SEK	279.4	205.70	303.30	307.40	288.60
Yield, %	3.9	4.6	3.1	2.9	2.9
Price/sales multiple	2.3	2.0	3.3	3.7	3.7
Price/earnings multiple	n/a	13.90	20.75	15.25	18.12
Number of shares at end of year	130,941,320	131,291,320	131,541,320	72,347,726	72,347,726
Average number of shares before and after dilution	131,065,781	131,390,632	102,674,307	72,347,726	73,096,665

1) Data for 2017 are based on pro forma reporting for the combined Intrum Justitia and Lindorff.

Ownership structure as of 31 December 2019

Total no. of shares 130,941,320	No. of shares	Equity, %
Nordic Capital	57,728,956	43.9
Sampo Oyj	6,877,968	5.2
Handelsbanken Fonder	6,452,532	4.9
NN Investment Partners	6,438,582	4.9
Vanguard	2,664,911	2.0
AMF Försäkring & Fonder	2,588,940	2.0
Lannebo Fonder	2,551,760	1.9
Odin Fonder	2,309,398	1.8
TIAA – Teachers Advisors	2,163,671	1.6
AFA Försäkring	2,057,821	1.6
Total, ten largest shareholders	**91,834,539**	**70.8**

Shareholdings by country

Country	No. of shares[1]	Equity, %
Sweden	91,719,885	69.7
USA	12,151,268	9.2
Finland	8,333,763	6.3
Netherlands	7,412,112	5.6
Norway	4,739,680	3.6
France	2,287,696	1.7
UK	1,840 759	1.4
Belgium	1,533,238	1.2
Denmark	904,480	0.7
Luxembourg	814,576	0.6
Others	1,861,053	1.4

1) Distribution of ownership by country has not been possible to identify of 2,057,190 shares and has thus not been deducted from the table.

Changes in share capital

	Transaction	Change in share capital	Total share capital	Total number of shares	Par value per share
2001	Founding of the Company	100,000	100,000	1,000	100
2001	Split 5000:1	0	100,000	5,000,000	0.02
2001	New share issue[1]	778,729.4	878,729.4	43,936,470	0.02
2002	New share issue[2]	208,216.72	1,086,946.12	54,347,306	0.02
2002	New share issue[3]	612,765.96	1,699,712.08	84,985,604	0.02
2005	Redemption[4]	–140,587.06	1,559,125.02	77,956,251	0.02
2007	Exercise of employee stock options[5]	22,672	1,581,797.02	79,089,851	0.02
2008	Exercise of employee stock options[6]	10,046.40	1,591,843.42	79,592,171	0.02
2009	Exercise of employee stock options[7]	8,049.60	1,599,893.02	79,994,651	0.02
2011	Reduction of share capital[8]	–5,000	1,594,893.02	79,774,651	0.02
2014	Cancellation of treasury shares[9]	0	1,594,893.02	77,360,944	0.02
2015	Cancellation of treasury shares[10]	0	1,594,893.02	73,421,328	0.022
2016	Cancellation of treasury shares[11]	0	1,594,893.02	72,347,726	0.022
2017	New share issue[12]	1,304,912.48	2,899,405.49	131,541,320	0.022

1) Directed to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share as part of the legal restructuring of the Intrum Justitia Group.

2) 1,402,228 shares each to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 4.432 per share, and 3,803,190 shares each to Industri Kapital 1997 Fund and Synergy at a subscription price of SEK 0.02 per share.

3) 30,638,298 shares to the public and institutional investors at a subscription price of SEK 47 per share.

4) Redemption of 7,029,353 shares for a cash payment of SEK 84 per share. The procedure involved the distribution of a total of SEK 590,325,064.94 to the Company's shareholders, whereby the Company's share capital was reduced by SEK 140,587.06, while the share premium reserve was reduced by SEK 590,325,064.94.

5) During the period 1 July – 31 December, 2007 Intrum Justitia's share capital increased from SEK 1,559,152.02 to SEK 1,581,797.02, corresponding to 1,133,600 new shares and the same number of votes, as new shares were subscribed for through the exercise of employee options.

6) During the period 1 January – 31 December, 2008 Intrum Justitia's share capital increased from SEK 1,581,797.02 to SEK 1,591,843.42, corresponding to 502,320 new shares and the same number of votes, as new shares were subscribed for through the exercise of employee options.

7) During the period 1 January – 31 December, 2009 Intrum Justitia's share capital increased from SEK 1,591,843.42 to SEK 1,599,893.02, corresponding to 402,480 new shares and the same number of votes, as new shares were subscribed for through the exercise of employee options.

8) The Company's own holding of 250,000 shares was cancelled in 2011.

9) The Company's share capital was reduced by SEK 47,674.14 through the cancellation of 2,383,707 treasury shares, while the share capital was increased through a bonus issue for the corresponding amount without any new shares being issued. Following cancellations, the Company has a total of 77,360,944 shares outstanding, representing the same number of votes.

10) The Company's share capital was reduced by SEK 81,220.13 through the cancellation of 3,939,616 treasury shares, while the share capital was increased through a bonus issue for the corresponding amount without any new shares being issued. Following cancellations, the Company has a total of 73,421,328 shares outstanding, representing the same number of votes.

11) The Company's share capital was reduced by SEK 23,322 through the cancellation of 1,073,602 treasury shares. In addition, share capital was increased through a bonus issue of the same amount without any new shares being issued. Following cancellations, the Company has a total of 72,347,726 shares outstanding, representing the same number of votes.

12) The Company's share capital increased by SEK 1,304,912.43 through a new share issue (non-cash issue) of 59,193,594 new shares to Lindorff's shareholders.

Five-year summary

Income statement

SEK M	2019	2018	2017	2016	2015
Net revenues	**15,985**	**13,442**	**9,434**	**5,869**	**5,419**
Cost of goods and services sold	–9,807	–7,369	–5,049	–3,069	–2,957
Gross earnings	**6,178**	**6,073**	**4,385**	**2,800**	**2,462**
Sales, marketing and administration expenses	–2,597	–2,201	–1,667	–871	–881
Disposal of operations/Goodwill impairment	–2,700	–	–	–	–
Reversal of liability for additional purchase consideration	-	–	–	–	–
Participations in associated companies and joint ventures	1,179	106	10	–8	–4
Operating earnings (EBIT)	**2,060**	**3,978**	**2,728**	**1,921**	**1,577**
Net financial items	–1,921	–1,363	–973	–165	–160
Profit before tax	**139**	**2,615**	**1,755**	**1,756**	**1,417**
Taxes	–424	–599	–389	–329	–273
Net earnings for the year from continuing operations	**–285**	**2,016**	**1,366**	**1,427**	**1,144**
Net earnings for the year from discontinued operations	0	–73	137	41	28
Net earnings for the year	**–285**	**1,943**	**1,503**	**1,468**	**1,172**
Of which, attributable to the Parent Company's shareholders	–362	1,936	1,501	1,458	1,164
Non-controlling interests	77	7	2	10	8
Net earnings for the year	**–285**	**1,943**	**1,503**	**1,468**	**1,172**

Balance sheet

SEK M	2019	2018	2017	2016	2015
Assets					
Total fixed assets	77,869	67,904	54,815	12,304	10,294
of which, portfolio investments	28,508	24,830	21,149	8,733	7,027
Total current assets	8,267	8,129	4,646	2,100	1,851
Assets in operations held for sale	0	0	8,314	0	0
Total assets	**86,136**	**76,033**	**67,775**	**14,404**	**12,145**
Shareholders' equity and liabilities					
Total shareholders' equity	24,893	25,672	22,439	4,130	3,166
Total liabilities	61,243	50,361	44,168	10,274	8,979
Liabilities in operations held for sale	0	0	1,168	0	0
Total shareholders' equity and liabilities	**86,136**	**76,033**	**67,775**	**14,404**	**12,145**

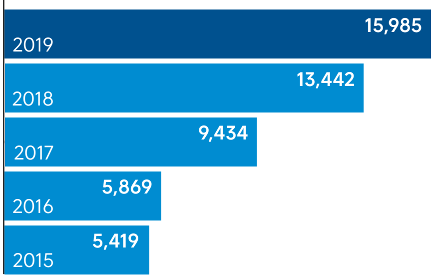
In accordance with the rules in IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, discontinued operations are reported in the income statement as discontinued throughout the five-year period by recalculating comparative figures for previous years, while in the balance sheet, they are reported as assets and liabilities in operations held for sale from the date on which the decision was taken to make the divestment, without recalculating the comparative figures.

Key figures

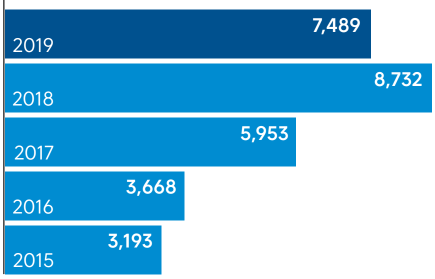
	2019	2018	2017	2016	2015
Net revenues, SEK M	15,985	13,442	9,434	5,869	5,419
Revenue growth, %	19	42	61	8	9
Cash EBITDA, SEK M	7,489	8,732	5,953	3,668	3,193
EBITDA, SEK M	6,344	4,878	3,165	2,090	1,736
EBIT, SEK M	2,060	3,978	2,728	1,921	1,577
Non-recurring items in EBIT, SEK M[1]	−4,176	−742	−397	10	−54
Items affecting comparability in EBIT, SEK M	0	132	0	0	0
Revaluations of portfolio investments, SEK M	28	88	−3	45	32
Adjusted operating earnings (EBIT), SEK M	6,208	4,500	3,128	1,866	1,599
Net earnings, SEK M	−285	1,943	1,503	1,468	1,172
Net debt, SEK M	49,105	42,122	37,322	7,260	6,026
Earnings per share, SEK	−2.76	14.18	14.62	20.15	15.92
Dividend/proposed dividend per share, SEK	11	9.50	9.50	9.00	8.25
Average number of shares, thousands	131,066	131,391	102,674	72,348	73,097
Number of shares at year-end, thousands	130,941	131,291	131,541	72,348	72,348
Return on portfolio investments, %	15	14	16	20	20
Portfolio investments, SEK M	7,324	11,854	7,170	3,084	2,271
Average number of employees	8,777	7,910	6,293	3,865	3,738

For definitions, see Note 37, page 98 and page 112.

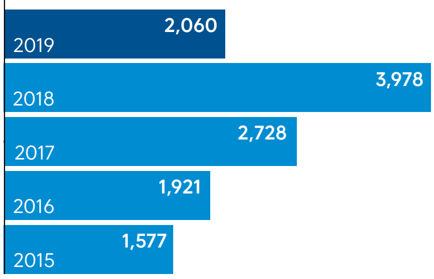
Net revenues, SEK M



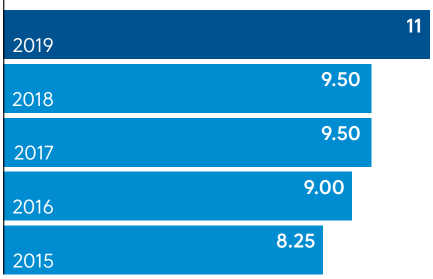
Cash EBITDA, SEK M



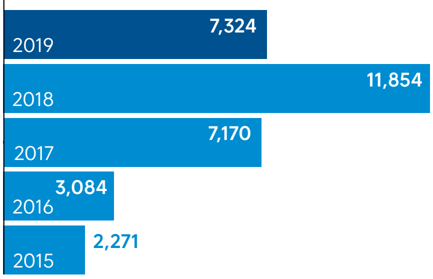
EBIT, SEK M



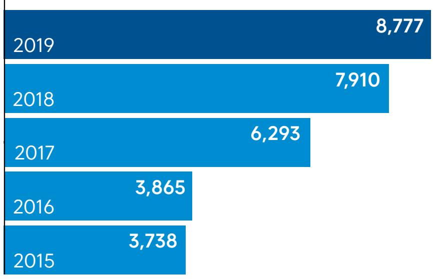
Dividend, SEK



Portfolio investments, SEK M

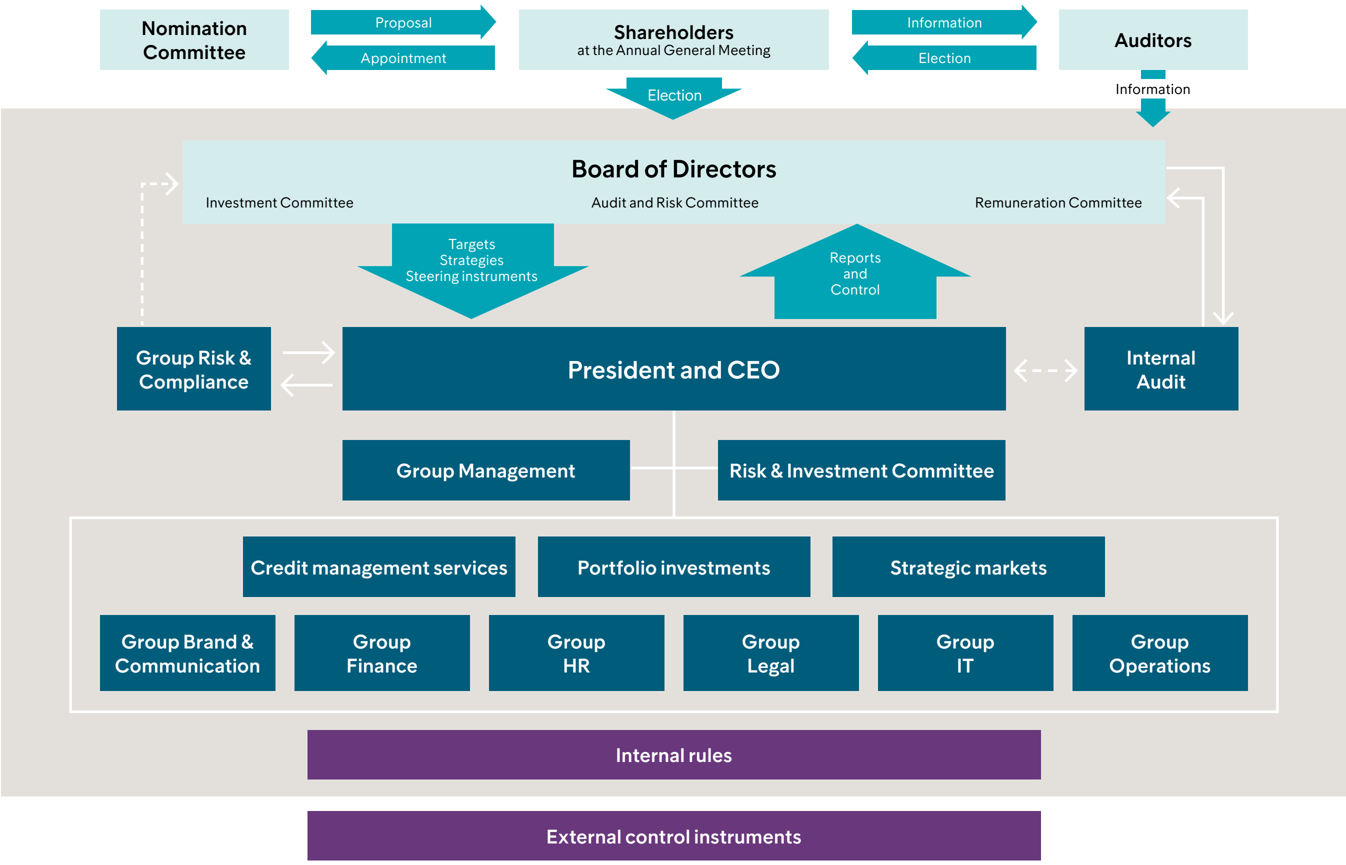


Average number of employees



Corporate governance report

Intrum's corporate governance serves to strengthen the confidence of clients, society and the capital markets through a clear allocation of responsibilities and well-balanced rules between owners, the Board, Group Management Team and the different control functions. Intrum AB (publ) ("Intrum") is a Swedish public company domiciled in Stockholm. The Company's shares are listed on Nasdaq Stockholm.



Corporate governance at Intrum

Examples of external regulations affecting governance at Intrum:

- Swedish Companies Act
- Accounting legislation and recommendations
- Nasdaq Stockholm's Rule Book for Issuers
- Euronext Dublin Rule Books I and II
- Rulebook - LuxSE Securities Official List (SOL)
- Market Abuse Regulation (MAR)
- The Swedish Corporate Governance Code
- UN Global Compact

Examples of internal regulations affecting governance at Intrum:

- Articles of Association
- Rules of procedure for the Board of Directors and its committees and Instructions to the CEO
- Internal rules and guidelines, such as the Code of Conduct, resolution and delegation procedures, anti-corruption policy, environmental policy, internal control policy, etc.

This corporate governance report has been prepared in accordance with the rules of the Annual Accounts Act and the The Swedish Corporate Governance Code ("the Code") in order to describe how Intrum applied the Code during 2019. Corporate governance at Intrum comprises structures and processes for management and control of the Company's operations for the purpose of creating value for the Company's owners and other stakeholders.

Intrum has applied the Code effective from 1 July 2005. Intrum's corporate governance also adheres to the applicable rules in the Companies Act, the Annual Accounts Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Securities Council's resolutions, Intrum's Articles of Association, as well as laws, regulations and official guidelines and rules in countries where the Intrum Group operates (in some cases subject to licensing).

The Code is based on the principle of "comply or explain", meaning that deviations from the Code are permitted if it is possible to explain why the deviation occurred. During the period to which the Annual Report pertains, Intrum has adhered to the Code in its entirety. The code is available at www.bolagsstyrning.se (with new wording as of 1 January 2020), where the Swedish model of corporate governance is also described.

Intrum's Articles of Association are available on www.intrum.com.

Shareholders

At the end of the year, Intrum's largest shareholder, Cidron 1748 Sarl ("Nordic Capital", held approximately 43.9 percent of all shares outstanding in the Company. See also page 38–39.

Annual General Meeting

The Annual General Meeting is Intrum's highest decision-making body at which the shareholders exercise their right to make decisions regarding the Company's affairs. Each share corresponds to one vote. Shareholders are entitled to have matters addressed at General Meetings, they are also entitled to ask questions regarding the Group's operations at the Annual General Meeting.

The Annual General Meeting was held on 26 April 2019. Among other things, the Meeting resolved:

- to adopt the income statements and balance sheets for the Company and the Group,
- to pay a dividend of SEK 9.50 per share in accordance with the proposal by the Board of Directors,
- to discharge the Board of Directors and the President from liability for the 2018 fiscal year,
- to elect the Board of Directors, a Chairman of the Board and a Deputy Chairman of the Board,
- to agree on remuneration to the Board of Directors and auditor,
- to adopt guidelines on compensation for senior executives,
- to adopt guidelines for the appointment of a new Nomination Committee,
- to introduce a new long-term incentive programme, and to acquire and transfer treasury shares in accordance with that programme
- to authorise the Board of Directors to repurchase (and, under certain conditions transfer) up to 10 percent of the Company's treasury shares on Nasdaq Stockholm.

At the Annual General Meeting, 71 percent of the shares conveying voting rights were represented. All individuals proposed for election or re-election as Board members were present. The Board of Directors was represented by a quorum at the Annual General Meeting. The CEO, auditor and chairman of the Nomination Committee were present.

The 2020 Annual General Meeting is scheduled for 6 May 2020.

Resolutions of the Annual General Meeting are published in a press release following the Meeting, and the minutes of the Meeting are published on the Company's website.

Nomination Committee

The task of the Nomination Committee, among others, is to nominate Board members for election at the next Annual General Meeting. The 2019 Annual General Meeting resolved that the Chairman of the Board shall convene the five largest shareholders of the Company based on known voting power at the end of August to appoint a member each to the Nomination Committee.

The composition of the Nomination Committee ahead of the 2020 Annual General Meeting was announced on 9 October 2019: Robert Furuhjelm (appointed by (Nordic Capital) (chairman), Ricard Wennerklint[1] (appointed by Sampo plc), Mats Gustafsson (appointed by Lannebo Fonder), Carl Cederschiöld (appointed by Handelsbanken Fonder) and Tomas Flodén (appointed by AMF and AMF Fonder). The Chairman of the Board serves as a co-opted member of the Nomination Committee. The Group's legal counsel has served as the secretary of the Nomination Committee.

Besides nominating the Board members, the Chairman of the Board and the Chairman of the Annual General Meeting, the duties of the Nomination Committee include evaluating the Board and its work, proposing a Chairman for the Annual General Meeting, proposing compensation for the Board and its committees, and proposing candidates for auditors' elections and compensation for auditors. The Chairman of the Board has reported the results of the annual Board evaluation to the Committee, which also held individual meetings with certain Board members. Shareholders have been offered the opportunity to submit proposals to the Nomination Committee. At the time of the publication of this report, the Nomination Committee had held three minuted meetings. No compensation has been paid to the members of the Nomination Committee.

The requirement for versatility and breadth on the Board has been taken into account and the Nomination Committee seeks to achieve an even gender distribution. In drafting its proposals to the 2019 Annual General Meeting, and as presented in greater detail in the Nomination Committee's reasoned opinion to the 2019 Annual General Meeting, the Nomination Committee has applied item 4.1 of the Code as its diversity policy. An assessment was also made regarding each member's capacity to dedicate sufficient time and commitment to their Board assignments. The Nomination

1) Ricard Wennerklint left in February 2020 after Sampo divested its holding.

Committee made the assessment that it would be desirable to further strengthen the Board with members with international experience, skills relevant to the Company's investment activities and experience of change processes. Assisted by recruitment companies, the Nomination Committee sought individuals with appropriate skills and interviewed the most relevant candidates. After assessing these, the Nomination Committee found that Liv Fiksdahl and Andrés Rubio were those best corresponding to the requirements. Of the Company's Board Members, 33 percent are women (unchanged).

Board of Directors

The Board of Directors has the overarching responsibility for administering Intrum's affairs in the interests of its shareholders. In accordance with the Articles of Association, the Board of Directors shall comprise at lease five and at most nine members with at most four deputies. From the 2018 Annual General Meeting until the 2019 Annual General Meeting, the Board of Directors comprised nine members elected by the Annual General Meeting, of whom, six were men and three were women. At the 2019 Annual General Meeting, nine ordinary Board Members were elected, with no deputies, of whom six were men and two were women. Per E. Larsson was elected as Chairman of the Board and Magnus Yngen as Deputy Chairman. There are no employee representatives on the Board of Directors. Further information about Board members, including their shareholdings, can be found on pages 48–49.

Hans Larsson, Magdalena Persson, Andrés Rubio, Liv Fiksdahl, Ragnhild Wiborg and Magnus Yngen are considered independent in relation to the Company and company management as well as in relation to major shareholders. Per E. Larsson, Andreas Näsvik and Kristoffer Melinder have been deemed by the Nomination Committee to be independent in relation to the Company and company management but not in relation to major shareholders. The composition of the Board thereby complies with the requirements of the Code in this respect. The CEO of the Company is not a member of the Board, but attends all Board meetings except when the evaluation of the Board's work and the President are on the agenda. The Secretary of the Board is the Group's General Counsel. The Board of Directors has established an Audit and Risk Committee, a Remuneration Committee and an Investment Committee.

The committees are mainly subordinated to the Board and do not relieve the Board members of their duties and responsibilities. The committees are presented in more detail on the following pages.

The Board's rules of procedure

Each year, the Board of Directors reassesses and sets rules of procedure, instructions for the committees and instructions for the President. The latter also includes instructions regarding financial reporting. These control documents contain instructions on the delegation of responsibilities and work between the Board, the President and the Board committees, as well as the forms of the Company's financial reporting. The Board's rules of procedure are based on the overarching rules included in the Swedish Companies Act on the overall responsibilities of the Board and President and otherwise on the decision-making procedure approved by the Board. The rules of procedure also regulate other issues, including:

- number of Board meetings and decision points normally on the agenda at each meeting,
- the duties of the Chairman, the committees, the President and CEO, and their decision-making authorities, as well as a clear regulation of the issues that require a decision by the Board of Directors,
- the assessment of the Board of Directors and its work, the assessment of the President, and
- the forms of the Board's meetings and minutes.

Meetings of the Board

The Board meets regularly in accordance with the schedule laid down in the rules of procedure. Every Board meeting follows a predetermined agenda. The agenda and background information on each information or decision point are sent to all Directors well in advance of each meeting. Decisions by the Board are preceded by an open discussion led by the Chairman. The Board held 19 meetings in 2019 (22 in the preceding year). Over the year, the Board devoted particular focus to the following issues:

- the Company's strategies and objectives,
- cost-efficiency,
- the Group's earnings and financial position,
- interim reporting,
- the Group's financing, corporate governance, risk management and internal control,
- the partnership with Piraeus Bank and Greece, corporate acquisitions and acquisitions of major portfolios of receivables, including follow-up of completed acquisitions,
- the Company's risk appetite and investment objectives,
- incentive programmes and
- the assessment of the work of the Board and the assessment of the CEO.

The Company's auditor attended one Board meeting during the year (as well as all meetings of the Audit and Risk Committee).

Assessment of the Board and CEO

Each year, the Board assesses the composition of the Board and its work with the purpose of illuminating matters concerning the Board's composition, areas of focus, materials and meeting climate, as well identifying areas for improvement. In the third quarter of 2019, an assessment of the CEO and management group was performed with the assistance of an external adviser and the Chairman has reported the results of that assessment to the Nomination Committee. The Board makes continuous evaluations of the President and discusses this at least one meeting without his presence.

Attendance at Board meetings in 2019

Per E. Larsson	19/19	Ragnhild Wiborg	19/19
Magnus Yngen	19/19	Liv Fiksdahl	12/13
Andreas Näsvik	19/19	Andrés Rubio	12/13
Hans Larsson	19/19	Synnöve Trygg	6/6
Kristoffer Melinder	16/19	Fredrik Trägårdh	5/6
Magdalena Persson	19/19		

Remuneration for directors

In accordance with the decision by the 2019 Annual General Meeting, fees and other compensation to the Board of Directors are payable totalling SEK 6,940,000, of which SEK 1,000,000 to the Chairman of the Board, SEK 565,000 to the Deputy Chairman of the Board, SEK 465,000 to each of the other Board members, SEK 200,000 to the Chairman of the Audit and Risk Committee, SEK 150,000 each to the other two members of the Audit and Risk Committee, SEK 250,000 to the Chairman of the Investment Committee, SEK 150,000 each to the other eight members of the Investment Committee and SEK 85,000 each to the two members of the Remuneration Committee. Additional compensation of SEK 20,000 for travel time is paid to Board Member Andrés Rubio for each physical Board meeting held in Sweden.

Audit and Risk Committee

The Audit and Risk Committee has a preparatory role and reports its work to the Board of Directors. Among other things, the duties of the Audit and Risk Committee include monitoring the Group's financial reporting and the efficacy of the Group's internal control, internal auditing and risk management with regard to the financial reporting in other regards. The Annual General Meeting shall also keep itself informed regarding the audit process, consider the auditor's impartiality and assist the Nomination Committee in connection with the election of an auditor. The Annual General Meeting has established guidelines for which services, other than auditing services, the Company may procure from the auditor.

Since the 2019 Annual General Meeting, the Audit and Risk Committee has consisted of Ragnhild Wiborg (chairman), Hans Larsson and Andreas Näsvik. The first two of the aforementioned individuals are considered independent in relation to the Company and its management, as well as in relation to the principal shareholders. Andreas Näsvik is considered to be independent in relation to the Company, company management but not to major shareholders. Normally, the auditor, the Company's CFO, the head of the internal audit, the Chief Risk Officer and the Group's Chief Accountant participate in the Committee's meetings. The latter is also acted as the Committee's secretary.

The Audit and Risk Committee met four times in 2019 (seven times in 2018). All ordinary members of the Committee attended all of the meetings. The external auditors also attended all of the meetings. The issues addressed by the Annual General Meeting over the year included interim reporting, risk management, aspects of internal control. The Committee has paid special attention to issues relating to acquisitions and divestments, new regulations and data security. The Committee has also addressed the annual accounts and the Group's audit procedures, recommendations regarding the election of external auditors at the Annual General Meeting, changes in accounting rules, particularly regarding leasing, Brexit, changes in the Group's finance organisation, tax and financing issues, as well as the preparation of the Board's efforts to assure the quality of the Group's financial reporting, especially regarding the accounting of portfolio investments and goodwill.

Remuneration Committee

The tasks of the Remuneration Committee include preparing the Board's decisions on matters involving remuneration principles, remunerations and other terms of employment for senior management, following-up and evaluating programs for variable remunerations for senior management, and monitoring and assessing general remuneration structures and compensation levels in the Group.

The Annual General Meeting also assists the Board in drafting proposals for guidelines for remuneration for senior management that the Board presents to the Annual General Meeting, and also to monitor and assess the use of these guidelines. Since the 2019 Annual General Meeting, the Remuneration Committee has consisted of Per E. Larsson (Chairman) and Magnus Yngen. Per E. Larsson is considered to be independent in relation to the Company, company management but not to major shareholders. Magnus Yngen is considered to be independent in relation to the Company and its management as well as in relation to the principal shareholders.

The CEO and Human Resources Director normally participate in the Committee's meetings. The latter is also the secretary of the Committee. During 2019, the Committee met four times (four meetings in the preceding year) with all Committee members present. Among other matters, efforts focused on determining remuneration for the new company management and preparing a proposal for a long-term incentive programme that was adopted by the 2019 Annual General Meeting.

Investment Committee

In 2018, the Board established an Investment Committee. The Investment Committee is tasked with making decisions on matters involving investments in companies (or operations) and portfolios of receivables, to the extent that such matters require decisions being made outside ordinary Board meetings.

The Investment Committee consists of all Board members with Per E. Larsson as chairman.

In 2019, the Committee met eight times with all Committee members present with the exception of Hans Larsson (attended seven out of eight meetings), Magdalena Persson (attended seven out of eight meetings), Liv Fiksdahl (attended six out of seven meetings during the period in which she was a member) and Fredrik Trägårdh (did not attend the sole investment meeting held during the period in which he was a member). The work have focused exclusively on investments in companies or portfolios of receivables.

Remuneration principles for senior executives

The 2019 Annual General Meeting adopted the Board's proposal on the principles of compensation and other terms of employment for the senior executives. The guidelines regulate the relationship between fixed and variable remuneration and the relationship between performance and remuneration, non-monetary benefits, issues related to pensions, dismissal and severance payments and how the Board deals with these issues. The principles for remunerations for senior executives applied in 2019 are described in Note 28, on pages 91–92. The Board of Directors' proposed guidelines for 2019 are reported in full in the Directors' Report on page 57. For a more detailed account of wages and remunerations for senior executives, see Note 27 on page 91.

Group Management

Intrum's Group Management comprises the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Investment Officer (CIO), the Chief Brand & Communications Officer (CBCO), the Chief Human Resources Officer (CHRO), the Chief Legal Officer (CLO), the Chief Operating Officer (COO), the Chief Risk Officer (CRO), the Chief Technology Officer (CTO), the Managing Director (MD) CMS, Secured Assets & M&A, Managing Director (MD) CMS Sales & Service Development & Markets, Managing Director (MD) for Italy, the Managing Director (MD) for Spain and the Managing Director (MD) for Greece.

The Group Management Team meets regularly to discuss financial targets and results, strategy issues and Group-wide guidelines. These discussions, decisions and guidelines are also part of the control of financial reporting. More information about the Group Management Team can be found on pages 50–51.

During the year, a simplified organisational structure was adopted to increase efficiency. A new business area – "Strategic markets" was established and the four geographical regions were removed.

The changes took effect on 1 January 2020 and are reflected in the financial reporting from the first quarter of 2020. The Managing Directors for Greece, Italy and Spain report directly to the CEO and the other 21 Country Managers report either to the Managing Director (MD) CMS Sales & and Service Development & Markets or to the Managing Director (MD) CMS, Secured Assets & M&A.

Risk and Investment Committee

The CEO has established a Risk and Investment Committee consisting of members of the Group Management Team, tasked with making decisions, within defined financial limits, on investment matters, primarily regarding portfolios of receivables. Investment decisions above a certain amount require Board approval.

Risk and Compliance

The Company has a Risk and Compliance function that is headed by the CRO. The function is tasked with proactively promoting risk awareness and continuously and independently monitoring and verifying compliance among the Group's financial and operational units. The function reports on its work to the Board of Directors on a quarterly basis.

Internal Audit

The Internal Audit constitutes an independent review function that reports directly to the Board via the Audit Committee. The role of the Internal Audit is to provide independent assurance to the Board of Directors and CEO of the effectiveness of internal control, risk management and the Group's governing processes. The Internal Audit also provides advice to Management and the Board of Directors regarding how the control environment can be improved and how risks in internal control can be limited. On a quarterly basis, the unit reports to the Audit Committee on reviews it conducts, some 40 of which were made over the year.

Auditor

At the 2019 Annual General Meeting, the accounting firm Ernst & Young AB was elected as the auditor of the Parent Company. Authorised Public Accountant Jesper Nilsson is the auditor in charge. The auditor was elected for the period extending until the close of the 2020 Annual General Meeting. The auditor is considered to be independent. Beyond the audit assignment, the Company has also consulted Ernst & Young AB on specific other assignments such as matters of taxation and reporting, following approval by the Audit Committee. The scope of the compensation paid to Ernst & Young AB is presented in Note 29 on page 92. As Intrum's auditor, Ernst & Young AB is obliged to test its independence prior to every decision when providing independent advice to Intrum alongside its auditing assignment.

Internal control

The Board is responsible for the Company having sound internal control and ensuring that the Company has formalised procedures to ensure that established principles for financial reporting and internal control are adhered to. The Board's Audit Committee monitors adherence to set guidelines for financial reporting and internal control and maintains ongoing contacts with the Company's auditors. The objective is to ensure that applicable laws and regulations are adhered to, that the financial reporting complies with Intrum's accounting principles in accordance with IFRS and that operations are conducted in an efficient and appropriate way.

Control environment

The basis for good internal control is the control environment, which includes the values and Code of Conduct on which the Board, Management and the Company's shareholders base their actions, but also the Group's organisation, leadership, decision-making paths, authorities and responsibilities, as well as the skills and knowledge of the employees. Intrum's management model is based on a clear delegation and follow-up of powers and authorities, which pervades all business areas, staff units and control functions. The annual process of revising the Group's targets and strategies constitutes a major effort, which includes all units and is systematically followed up. The strategy process also includes risk analyses of the operations.

Corporate governance comprises the Group's system of rules, procedures and processes by which the Company Management controls the operations. The implementation of the Group-wide rules in the subsidiaries is reviewed annually to ensure compliance. The Group's Code of Conduct is contained within these rules and is communicated to all employees by means of associated training programs. The Group's internal regulations are revised annually.

Intrum operates according to the principle of three lines of defence, where the operations, along with the support functions, form the first line of defence. These are responsible for risk management in their respective areas and report risks regularly to the second line of defence.

The second line of defence consists of the Risk and Compliance functions. These serve to support to the operations in the first line of defence and provide them with training and advice. The functions are also tasked with following-up and controlling the operations in the first line of defence. The Risk and Compliance function comprises four main areas: Investment Risk, Operational Risk, Compliance Risk and Data Security. In addition, a central anti-money laundering unit was set up within Compliance and a Data Protection Officer was appointed.

The third line of defence comprises internal and external audits, which are tasked with following-up, in terms of risk, the operations in the first and second lines of defence to ensure that the Company's internal control works satisfactorily and that operations are conducted efficiently. The Internal Audit reports to Intrum's Board of Directors through the Audit Committee.

Risk assessment

The Group's risks are assessed and managed in coordination between the Board, the Audit and Risk Committee, Group Management and local operations. The Board of Directors and Group Management work to regularly identify and manage risks at the Group level. In addition, the management of each local unit is responsible for identifying, evaluating and managing the risks associated predominantly with the local operations. Risk & Compliance assists operations in risk assessment.

The risk assessment of the financial reporting serves to identify what risks may impact reporting by the Group's companies, business areas and processes. The assessment is based partly on evaluations performed by the Group's finance function as well as the dialogue with local finance managers. These assessments form the basis for the continued control and improvement of financial reporting.

Control activities

Controls are designed to ensure that the risks identified in the work described above are managed by the operations. To a large extent, the risk level determines control activities aimed at ensuring that the Group applies a risk-based approach. In the financial reporting, the controls are based on the Group's minimum requirements for internal controls in financial reporting and consist both of company-wide controls, controls at transaction level and general IT controls.

For a number of years, the Group has applied a specific decision-making process, "New Product Approval Process" (NPAP), applied in connection with material changes, such as acquisitions, launches of new products or services, major reorganisations or the establishment of new Group-wide systems or processes. This decision-making process is mandatory at both the local and central levels. Emergency and continuity plans have also been set up in all operating units within the Group. The intention is for such plans to be subject to annual assessment.

Control activities encompass operations in all subsidiaries and include, among other things, a) methods and activities to hedge assets, checks on the accuracy and reliability of internal and external financial reports, and ensuring compliance with laws and established internal rules and guidelines. As part of this process, the presidents and finance managers of the subsidiaries report quarterly that the financial reporting has been conducted in accordance with the internal regulations or if there have been any deviations from these. These reports are reviewed and followed up by the Group's finance function. The Group finance function also conducts a number of control activities in the Group's subsidiaries to ensure good quality in the financial reporting.

In each country where Intrum operates, local compliance and data protection officers report on compliance risks and regulatory matters to the central compliance function on a quarterly basis. Operational subsidiaries, also draw up annual compliance programmes that include both risk-based controls and supportive measures in the form of information and training in new regulations.

Information and communication

The Company works continuously to improve the awareness among employees of the control instruments and reviews applicable in financial reporting, both external and internal. Responsibilities and authorities are communicated within the Group to enable reporting and feedback from operations to Group Management and the Board's Audit Committee. The Group's internal guidelines can be accessed via the Company's Intranet and employees receive training on an ongoing basis. There is also cooperation within and between the different staff and finance functions, aimed at increasing coordination and opportunities to compare analyses, monitoring of accounting and business systems, and the development of various key figures.

Follow-up

Group Management exercises control through regular reviews of financial and operational performance, local meetings, and through participation in local company boards. Each month, the subsidiaries submit their monthly closing reports, which consist of income statements divided by service line, balance sheets and key performance indicators in the Group's reporting system. The closing figures are consolidated as a monthly report to Group Management. Consolidated accounts are prepared each month for internal follow-up and analysis. The subsidiaries receive feedback from the Group on their reporting and in-depth follow-up meetings are held with each country organisation on a monthly basis.

The follow-up of the internal control with regard to financial reporting is conducted primarily by the Group Finance function and is reported to the Board's Audit Committee.

At the assignment of the Board, the internal audit also reviews and assesses how the internal control is organised and its efficacy, as well as following up on outstanding material observations from previous audits.

Standardisation and centralisation

In 2019, a decision was made to standardise and centralise financial reporting within the Group, meaning, among other things, that the subsidiary Intrum Global Business Services UAB in Vilnius will be the centre for financial reporting. This work will continue in 2020, and is expected to be completed in the second quarter of 2021.

Board of Directors

According to Intrum's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine ordinary members with no more than four deputies. All members are independent in relation to the Company, its management and its major shareholders, although three of the members are, in the assessment of the Nomination Committee, not independent in relation to the principal shareholder, Nordic Capital Fund VIII.

Per E. Larsson
Chairman

Born: 1961
Elected: 2017
Education: Business Administration and Economics Uppsala University, Sweden.
Per E. Larsson has previously served as CEO of OMX, UBS in Middle East North Africa and Member of the Global Managing Board, Dubai International Financial Exchange and Borse Dubai, as well as Chairman of the Board of the Stockholm Stock Exchange, and several other board assignments. He is currently Chairman of the Board of Directors in Itiviti, and Senior Advisor and Operating Chairman to the Nordic Capital Funds.
Shareholding in Intrum AB (publ): 33,500
Independent in relation to the Company and its management but not in relation to major shareholders in the Company.

Magnus Yngen
Deputy Chairman

Born: 1958
Elected: 2013
Education: Master of Engineering and Licentiate in Technology from the Royal Institute of Technology in Stockholm.

Magnus Yngen has previously been CEO of Camfil, Dometic and Husqvarna and has held several senior positions within Electrolux. Yngen is the Chairman of the Board of Duni, Fractal Design, Välinge Group and a Board Member in Dometic.

Shareholding in Intrum AB (publ): 7,500
Independent of the Company, its management and major shareholders.

Andreas Näsvik

Born: 1975
Elected: 2017
Education: M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Andreas Näsvik has previously worked with corporate finance and private equity investments in Deutsche Bank and Goldman Sachs. He has also been a board member in Lindorff AB. Näsvik is currently a board member of Munters AB (publ) and Ryds Bilglas and Partner, Nordic Capital Advisors.

Shareholding in Intrum AB (publ): 0
Independent in relation to the Company and its management but not to major shareholders in the Company.

Magdalena Persson

Born: 1971
Elected: 2018
Education: M.Sc. in International Economics and Licentiate in Industrial Economics, Linköping University.

Magdalena Persson has been the CEO of Interflora and has held several roles in Microsoft, SamSari and WM Data. She is the Chairman of the Board of Directors of Iver AB, the Chairman of the Board of Directors of Nexon Asia Pacific, a Board Member of NCAB Group and an industrial advisor to EQT Partners. She has previously been the Chairman of the Board of Affecto Plc and a Board Member of Aditro and Fortnox.

Shareholding in Intrum AB (publ): 0
Independent of the Company, its management and major shareholders.

Liv Fiksdahl

Born: 1965
Elected: 2019
Education: Finance and management, Trondheim Business School, and executive programs at Stanford University and Massachusetts Institute of Technology.

Liv Fiksdahl is Vice President (Associated) of Capgemini Invent. She has held several senior roles within DNB and has been a member of the Group Executive Management for ten years. Her most recent role was Group EVP, CIO/COO. Liv Fiksdahl is a board member of Posten Norge AS, Arion Banki and Scandinavian Airlines, SAS.

Shareholding in Intrum AB (publ): 0
Independent of the Company, its management and major shareholders.

Hans Larsson

Born: 1961
Elected: 2017
Education: M.Sc. in Business Administration and Economics, University of Uppsala.

Hans Larsson has previously held various leading positions within the Skandinaviska Enskilda Banken group. He has also served as a Board Member in Nordax Bank AB (publ) and Deputy CEO for the Lindorff Group. Current assignments include Board Member at Nordnet AB and Nordnet Bank AB, as well as Board Member at the Swedish Export Credit Corporation (SEK). He is also the CEO and owner of Linderyd Advisory AB.
Shareholding in Intrum AB (publ): 34,500
Independent of the Company, its management and major shareholders.

Kristoffer Melinder

Born: 1971
Elected: 2017
Education: M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Kristoffer Melinder has previously worked with leveraged finance and M&A at JP Morgan. He has also been a board member in AniCura, Lindorff, Greenfood, Binding Site, Ellos, Convatec, Resurs, Dynal Biotech, KappAhl, Nycomed and Atos Medical. Current assignments include board member in GHD Gesundheits and Managing Partner in Nordic Capital Advisors AB.

Shareholding in Intrum AB (publ): 0
Independent in relation to the Company and its management but not to major shareholders in the Company.

Andrés Rubio

Born: 1968
Elected: 2019
Education: Bachelor of Science in Foreign Service, Georgetown University, Washington D.C.

Andrés Rubio was previously a Senior Partner and member of the management committee of Apollo Management International LLP as well as Global Co-Head of Morgan Stanley Principal Investments. He has served as Chairman of the Board of Altamira Asset Management S.L., Vice Chairman of EVO Banco S.A. and Director of Avant Tarjeta EFC, S.A.L. Rubio is currently Founding Partner of IMAN Capital Partners Ltd. and Trustee at Fundación Endesa, as well as an independent member of the investment committee at Quarza Inversiones.

Shareholding in Intrum AB (publ): 0
Independent of the Company, its management and major shareholders.

Ragnhild Wiborg

Born: 1961
Elected: 2015
Education: Bachelor's degree in Business Administration from the Stockholm School of Economics and Master's studies at Fundacao Getulio Vargas, São Paolo.

Ragnhild Wiborg is the Chairman of the Board of EAM Solar AS and a Board Member of Gränges AB, REC Silicon ASA, Sbanken ASA and INSR Insurance ASA . She was previously active in asset management as CIO and Portfolio Manager at Odin Fonder and Wiborg Kapitalförvaltning. Prior to that, she worked for investment banks in the Nordics and London.

Shareholding in Intrum AB (publ): 300
Independent of the Company, its management and major shareholders.

Auditors

Ernst & Young AB

Jesper Nilsson

Born: 1964
Chief Auditor since 2017
Jesper Nilsson is an Authorised Public Accountant at Ernst & Young AB. Other auditing assignments: Handelsbanken, Alecta, Fora, FOREX Bank.

Group Management

Mikael Ericson

President and CEO

Born: 1960

Mikael Ericson took up the position of President and CEO on 1 March 2016. He has previously held several senior positions in the banking and financial sectors, most recently as Head of International Banking at Danske Bank. He was previously CEO of Carnegie AB and before that held a number of leading roles at Svenska Handelsbanken. Ericson holds a B.Sc. (Econ.) from Stockholm University.

Own holdings and/or holdings of closely affiliated persons: 66,000.

Anders Engdahl

Chief Financial Officer

Born: 1974

Anders Engdahl was appointed Chief Financial Officer (CFO) of Intrum in June 2019. Prior to that, he was Intrum's Chief Investment Officer and before that he held the role of EVP of Debt Purchasing at Lindorff. He has extensive international experience in investment banking and management consulting from Morgan Stanley, Goldman Sachs, Credit Suisse and McKinsey. At Morgan Stanley he held the role of Managing Director and Head of Nordic Financial Institutions Investment Banking. Anders Engdahl holds a master's degree in Business Administration and Economics from the Stockholm School of Economics.

Own holdings and/or holdings of closely affiliated persons: 202,000.

Johan Brodin

Chief Technology Officer and Acting Chief Risk Officer

Born: 1968

In November 2019, Johan Brodin was appointed Chief Technology Officer (CTO), but continues to hold the role of Chief Risk Officer (CRO) until the recruitment of his successor is completed. Johan Brodin was appointed CRO at Intrum in 2011, joining the Company most recently from the role of CRO at SBAB Bank. He previously held several positions in risk management and control at Handelsbanken, and worked as a management consultant in financial services at KPMG and Oliver Wyman. Johan Brodin holds a B.Sc. (Econ.) from the University of Örebro.

Own holdings and/or holdings of closely affiliated persons: 250.

Marc Knothe

Country Manager Italy

Born: 1968

Marc Knothe was appointed as Regional Managing Director in 2017. Since 2018, he has also been the Country Manager for Italy, a role that he has been focusing on fully since 1 January 2020, after Intrum discontinued its former regional structure. Between 2016 and 2017, he was Country Manager for the Netherlands at Lindorff. Between 2011 and 2016, he served as Executive Board Member at GFKL (Advent Intl), one of Germany's largest accounts receivable companies. Prior to that, he was CIO at Bawag PSK (Cerberus) in Austria, COO at GE Money Bank in Russia and Germany, and he also held prominent positions at Citigroup in Italy and Germany. Marc Knothe has studied Business Management at Hochschule Ludwigshafen in Germany.

Own holdings and/or holdings of closely affiliated persons: 20,067.

Niklas Lundquist

Chief Legal Officer

Born: 1970

Niklas Lundquist was appointed Chief Legal Officer at Intrum in 2011, after previously having held the same role at Trade doubler AB (publ). He has experience from two prominent law firms and has served in Swedish courts. Niklas Lundquist holds a law degree from Stockholm University.

Own holdings and/or holdings of closely affiliated persons: 2,000.

Harry Vranjes

Chief Operating Officer

Born: 1970

Harry Vranjes was appointed Chief Operating Officer (COO) on 1 January 2020. Until the end of 2019, he was Head of Credit Management Services. Harry Vranjes joined Intrum in 2002, and between 2015 and 2017, he was Regional Manager for Western Europe. He was Chief Technology Officer (CTO) between 2008 and 2015 and prior to that he was a project manager and business developer between 2002 and 2008. Harry Vranjes previously worked as an IT management consultant at WM-Data between 1998 and 2001. Harry Vranjes holds a BA in systems science from Lund University.

Shares held, personally and through closely related parties: 0.

Per Christofferson

Managing Director Secured Assets, M&A, BPOs and Markets

Born: 1968

Per Christofferson was appointed Managing Director Secured Assets, M&A and Markets on 1 January 2020. He then left his previous role as Regional Managing Director, when Intrum discontinued its former regional structure. Per Christofferson has also previously been responsible for Intrum's credit management. Prior to joining Intrum in 2009, he worked in the consulting industry, including at KPMG and Acando, where he served as vice president and business area manager. He holds a master's degree from CWRU (Case Western Reserve University), Cleveland, Ohio, as well as a civil engineering degree from Linköping University.
Own holdings and/or holdings of closely affiliated persons: 15,000.

Anna Fall

Chief Brand & Communications Officer

Born: 1969

Anna Fall was appointed Chief Brand & Communications Officer (CBCO) for Intrum in October 2018. She has an extensive background in the financial sector, joining the Company most recently from Första AP-fonden where she held the role of communications manager. In 2004–2016, Anna Fall was Nordic Head of Marketing and Communications for The Royal Bank of Scotland (RBS) and before that she held various roles at the property leasing company Nordisk Renting and within the construction and property group NCC. She holds a degree in Political Science, Business Administration and Communication from Uppsala University.

Own holdings and/or holdings of closely affiliated persons: 750.

Jean-Luc Ferraton

Chief Human Resources Officer

Born: 1973

Jean-Luc Ferraton was appointed Chief Human Resources Officer (CHRO) in 2012. Jean-Luc Ferraton held several positions at Intrum between 2006 and 2012. He was the Group's HR Manager in 2011–2012, HR Manager for Western Europe in 2010–2012, and HR Manager for Southern Europe in 2006–2012. Jean-Luc Ferraton was previously HR Manager at JTEKT of Toyota Group between 2001 and 2006. He holds an MBA from ESDES in Lyon and an MA in management from INSEAD.

In November 2019, Jean-Luc Ferraton was appointed Country Manager for Intrum in France, a role he will assume in the first half of 2020.

Own holdings and/or holdings of closely affiliated persons: 220.

Anette Willumsen

Managing Director CMS Sales & Service Development and Markets

Born: 1963

Anette Willumsen was appointed Managing Director CMS Sales & Service Development and Markets on 1 January 2020. At that time, she left the role of Regional Managing Director after Intrum discontinued its former regional structure. She was previously Managing Director of Lindorff Norway between 2012 and 2017 and was Acting Managing Director of Lindorff Denmark for two years. She was previously head of the Corporate Client Division within Lindorff Norway between 2009 and 2012. She has also been SVP of EDB Business Partner (EVRY). She holds an EMP from INSEAD and an MA in Finance and Business Administration from the Norwegian School of Economics (NHH).

Own holdings and/or holdings of closely affiliated persons: 56,891.

Alejandro Zurbano

Country Manager Spain

Born: 1967

Alejandro Zurbano was appointed Regional Managing Director in 2017. Since then, he has also been the Country Manager for Spain, a role he has been focusing on fully since 1 January 2020, after Intrum discontinued its former regional structure. He was previously Country Manager for Lindorff Spain between 2015 and 2017. Prior to that, he was CEO of Emergia, for example, and Country Manager for Spain, Chile, Colombia and Portugal at SITEL. Alejandro holds a law degree from Universidad Complutense de Madrid and a PDG from IESE University.

Own holdings and/or holdings of closely affiliated persons: 16,780.

George Georgakopoulos was appointed Country Manager for Greece on 1 January 2020. At the same time, Javier Aranguren was appointed Chief Investment Officer (CIO). Both have since been part of Intrum's Group Management, reporting directly to the President and CEO Mikael Ericson.

The Board of Directors signature of the Corporate governance report

Stockholm on 1 April 2020

The Board of Directors of Intrum AB (publ)

Auditor's statement regarding the Corporate Governance Report

To the Annual General Meeting of Intrum AB (publ), corporate identity number 556607-7581.

The Board of Directors is responsible for the Corporate Governance Report for 2019 presented on pages 42–51 and for it having been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and, based on that reading and our knowledge of the Company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Report has a different focus and is substantially less in scope compared to the focus and scope of an audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden.

A Corporate Governance Report has been prepared, and we consider its statutory information to be consistent with the annual and consolidated accounts.

Stockholm on 7 April 2020
Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Board of Directors' Report

The Board of Directors and the President and CEO of Intrum AB (publ) hereby submit the Annual Report and consolidated financial statements for the 2019 fiscal year.

Intrum Group

Intrum AB (publ) (corporate identity number 556607-7581) is domiciled in Stockholm and is a public limited liability company and conducts operations in accordance with the Swedish Companies Act. Intrum's operations were founded in Sweden in 1923 and have, through acquisitions and organic growth expanded to become one of Europe's leading credit management companies. In 2017, a merger with Lindorff was effectuated. The Parent Company of the Intrum Group was registered in 2001 and has been listed on the Nasdaq Stockholm exchange since June 2002. As of 31 December 2019, the share capital amounted to SEK 2,899,805 and the number of shares to 131,541,320, of which 600,000 are treasury shares. The Group is present in 25 markets.

Revenues and earnings

Definitions of the performance measures applied, key financial indicators and alternative indicators are to be found on page 97–98 . For reconciliation of key financial indicators, see Note 37 on page 97–98 .

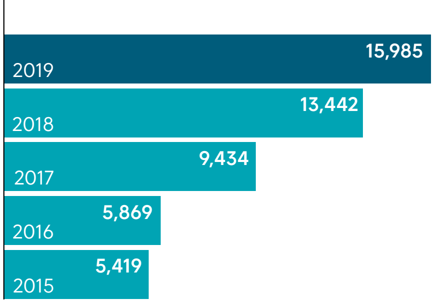
Consolidated net revenues for 2019 increased to SEK 15,985 M (13,442).

Operating earnings amounted to SEK 2,060 M (3,978).

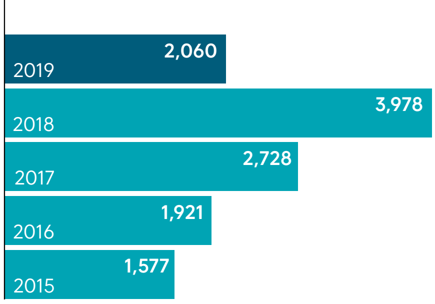
The operating earnings of SEK 2,060 M include goodwill impairment of SEK 2,700 M (0) and other items affecting comparability of SEK 1,448 M (522). Accordingly, operating earnings excluding goodwill and items affecting comparability ("adjusted operating earnings (EBIT)") increased to SEK 6,208 M (4,500).

Net earnings for the year amounted to SEK 285 M (1,943)

Revenues, SEK M



Operating earnings, SEK M



Significant events during the year

On 22 February 2019, Intrum completed the refinancing of the property portfolio acquired by Ibercaja Banco SA in December 2018, and has also sold some of the shares in the Company that owns the portfolio to a co-investor, all of which was in accordance with the plan previously communicated.

On 1 March 2019, Intrum added Skandinaviska Enskilda Banken AB (SEB) as a new lenders in the existing credit facility (RCF), on the same terms as other lenders, thereby increasing the Company's financial flexibility.

On 24 April 2019, as planned and following the approval of the relevant authorities, Intrum completed the acquisition of Solvia Servicios Inmobiliaros (Solvia) from Spanish Banco Sabadell, as was announced in December 2018. Through the agreement, Intrum acquired 80 percent of the shares in Solvia. Banco Sabadell, one of Spain's largest banks, retains a 20-percent holding. Through this acquisition, Intrum strengthens and expands its business relationship with Banco Sabadell, deepening the partnership and broadening the collaboration. The acquisition of Solvia entails a long-term positive reinforcement of the Spanish operations.

The Annual General Meeting on 26 April re-elected Board members Per E. Larsson, Hans Larsson, Kristoffer Melinder, Andreas Näsvik, Ragnhild Wiborg, Magdalena Persson and Magnus Yngen. Liv Fiksdahl and Andrés Rubio were elected as new Board members. The Annual General Meeting re-elected Per E. Larsson as Chairman of the Board and Magnus Yngen as Deputy Chairman. The Annual General Meeting approved the Board's proposal for a dividend of SEK 9.50 per share.

On 3 June 2019, Intrum agreed with Piraeus Bank (PB) to acquire PB's Recovery Business Unit ("RBU"). The RBU will be separated from the bank and consolidated fully by Intrum in a separate legal entity ("NewCo") valued at EUR 410 M. Intrum will acquire 80 percent of the shares in NewCo for a purchase consideration of EUR 328 M, of which EUR 296 M will be paid in cash on completion of the transaction, with the remainder planned to be paid after the end of 2022.

On 24 June, it was announced that Intrum had issued a four-year, non-covered bond for SEK 2 billion, at STIBOR 3m +325 basis points within the existing Swedish MTN programme and that will be listed on Nasdaq Stockholm.

On 25 July 2019, Intrum successfully issued a seven-year, senior unsecured bond of EUR 800 M at a fixed interest rate of 3.5 percent. An application will be made for listing on the Luxembourg Stock Exchange's official list.

On 22 August 2019, Intrum extended its MTN bond, of which SEK 900 M matures in 2023. The extension has been priced at 102.00 percent, indicating an interest rate of STIBOR 3m +263 basis points. The extension was arranged within the framework of the existing Swedish MTN programme and will be listed on Nasdaq Stockholm.

On 10 September 2019, it was announced that Intrum had successfully issued an eight-year, senior unsecured bond at a fixed interest rate of 3.5 percent. An application will be made for listing on the Luxembourg Stock Exchange's official list.

On 23 October 2019, Intrum and Piraeus Bank completed the transaction, establishing a leading credit management platform in Greece. Among other things, the transaction entails Intrum acquiring Piraeus Bank's platform for managing overdue receivables and consolidating this into a newly formed company, which will be named Intrum Hellas. Intrum holds 80 percent of the shares in Intrum Hellas and Piraeus Bank the remaining 20 percent.

On 4 November 2019, Intrum announced that it would be simplifying the organisation to increase efficiency. Intrum has grown strongly in recent years, particularly in southern Europe. To reflect this, a third business area has been established, comprising Intrum's key markets in southern Europe, in parallel with the existing business areas Credit Management Services and Portfolio Investments. The four previous geographical regions were discontinued. These changes will take effect from 1 January 2020 and will be reflected in Intrum's financial reporting from the first quarter of 2020.

On 13 November 2019, it was announced that Intrum AB had issued a two-year, non-covered bond for SEK 1.1 billion, at STIBOR 3m +180 basis points within the existing Swedish MTN programme that will be listed on Nasdaq Stockholm.

On 6 December 2019, Intrum extended the maturity of its credit facility (RCF) by five years plus on, increasing the amount from EUR 1.375 billion to EUR 1.8 billion. The new facility took effect in January 2020.

On 9 December 2019, it was announced that Intrum had issued a five-year, three-month, senior unsecured bond of EUR 75 M at a fixed interest rate of 3 percent. An application will be made for listing on the Luxembourg Stock Exchange's official list.

and earnings per share were a negative SEK 2.76 (positive 14.18).

Geographical regions

Northern Europe

The region consists of the Group's operations for customers in Denmark, Estonia, Latvia, Lithuania, Finland, Norway and Sweden.

The region reported revenues for the year of SEK 4,125 M (3,979) and an operating profit of SEK 1,206 M (1,294). On a pro forma basis, revenues for the year, excluding revaluations increased to SEK 4,162 M (4,002), with operating earnings, excluding revaluations and non-recurring items ("adjusted operating earnings (EBIT)") of SEK 1,491 M (1,425).

Net earnings for full-year 2019 were stable, with both the credit management and portfolio investment operations performing positively despite the unfavourable trend in the fourth quarter, when the underlying earnings were negatively impacted by strikes in the Finnish postal service and by tax refunds being paid out early.

Central and Eastern Europe

The region consists of the Group's operations for customers in Greece, Poland, Romania, Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria.

The region reported revenues for the year of SEK 4,862 M (3,790) and an operating profit of SEK 1,965 M (1,377). On a pro forma basis, revenues for the year, excluding revaluations increased to SEK 4,580 M (3,681), with operating earnings, excluding revaluations and non-recurring items ("adjusted operating earnings (EBIT)") of SEK 2,005 M (1,442).

Profit growth was strong in 2019, even when adjusted for the acquisition in Greece. Underlying growth has been driven partly by a significant improvement in the Polish operations thanks to both internal operational improvements and partly to new portfolio investments following a period of challenging market conditions.

Western and Southern Europe

The region consists of the Group's operations for customers in Belgium, France, Ireland, Italy, the Netherlands and the UK.

The region reported revenues for the year of SEK 3,519 M (2,564) and an operating profit of SEK 1,464 M (228). On a pro forma basis, revenues for the year, excluding revaluations increased to SEK 3,715 M (2,622), with operating earnings, excluding revaluations, non-recurring items and items affecting comparability ("adjusted operating earnings (EBIT)") of SEK 2,048 M (664).

The region's earnings performance was good, mainly thanks to the partnership with Intesa Sanpaolo in Italy, where credit management operations were consolidated in the fourth quarter.

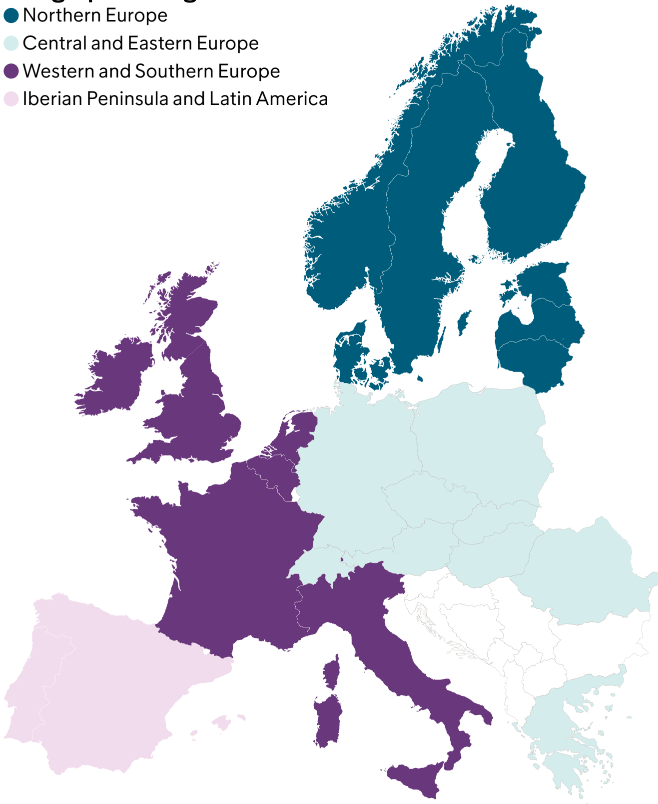
Iberian Peninsula and Latin America

The region comprises the Group's operations for customers in Spain, Portugal and Brazil.

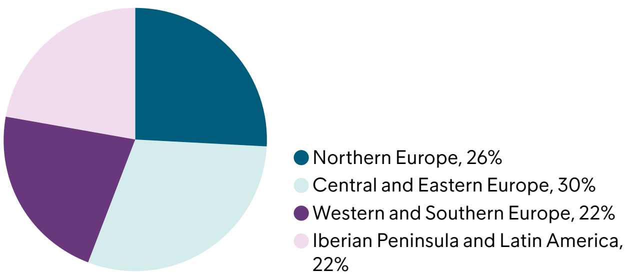
The region reported revenues for the year of SEK 3,479 M (3,109) and an operating profit of SEK 2,575 M (1,079). On a pro forma basis, revenues for the year, excluding revaluations and items affecting comparability, decreased to SEK 3,323 M (2,826), with operating earnings, excluding revaluations, non-recurring items and items affecting comparability ("adjusted operating earnings "EBIT") of SEK 664 M (969).

The decline in the region is explained, among other things, by terminated service contracts in the credit management operations, negatively impacting profitability, while the synergies from the acquisition of Spanish Solvia are expected to show results beginning in 2020. As a consequence of the lower earnings level, impairment of SEK 2.7 billion was recognised in goodwill at the end of the year.

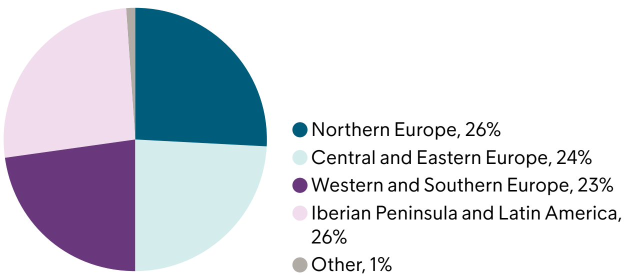
Geographical regions



Share of consolidated revenues



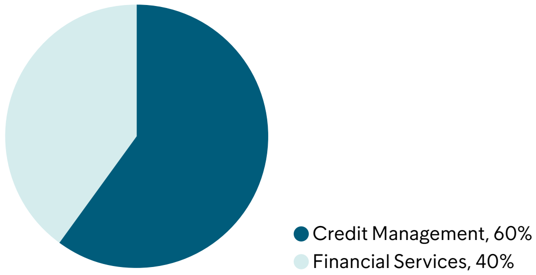
Number of employees by geographical region



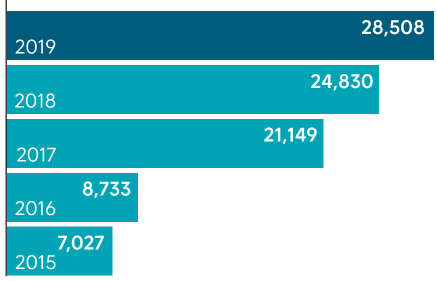
Service lines

The services that Intrum offers are divided into two service lines:

Share of consolidated revenues



Carrying value, portfolio investments (SEK M)



- Credit Management. Collection services, credit information services and payment services.
- Financial services Portfolio investments, i.e. acquisition of portfolios of overdue receivables at less than their nominal value, after which Intrum collects the receivables on its own behalf. Real estate acquisitions, primarily through the seizure of collateral for purchased covered receivables, other financing services and payment guarantees.

Credit management with a focus on late payment and collection

Service line revenues for the year amounted to SEK 11,450 M (9,480), with service line earnings of SEK –415 M (positive 2,433). Revenues for the year, excluding items affecting comparability increased to SEK 11,273 M (9,257), with service line earnings, excluding revaluations non-recurring items and items affecting comparability, of SEK 2,912 M (2,489).

Credit Management increased its earnings due to acquisitions in Spain, Italy and Greece. The underlying business in Spain developed below expectations, which had a negative impact on the operating margin during the year, although this was offset by favourable development in other countries.

Purchasing of portfolios of overdue receivables

Service line revenues for the year amounted to SEK 7,055 M (6,394), with service line earnings of SEK 4,960 M (3,600).

Earnings grew strongly, driven partly by the joint venture portfolio acquired in the fourth quarter of the preceding year and partly by favourable underlying growth in the other portfolio operations.

The return on portfolio investments was 15 percent (14).

Expenses

The gross profit margin was slightly below the level for the preceding year.

Earnings for the year was burdened by goodwill impairment of SEK 2,700 M and other items affecting comparability of SEK 1,448 M.

Write-down and impairment

Operating earnings for the year were burdened by write-down and impairment of tangible and intangible fixed assets by SEK 1,246 M (900). Operating earnings before depreciation/amortisation (EBITDA) therefore amounted to SEK 6,344 M (4,878).

Net financial items

Net financial items amounted to an expense of SEK 1,921 M (1,363) and consisted of a net interest expense of SEK 1,492 M (1,185), exchange rate differences of SEK 18 M (19) and other financial items of a negative SEK 447 M (197). Net interest income was negatively affected by higher borrowing compared with the preceding year.

Other financial items for the full-year include SEK –252 M (0) in expenses for premature redemption of bonds.

Taxes

The tax expense for the year was equivalent to 15 percent of earnings before tax and goodwill impairment and has been affected positively by deferred receivables for previous years' losse for the full-year, compared with 23 percent in the preceding year. For further information on the Group's taxes and tax disputes, see also Note 8. The Company's assessment is that the tax expense will, over the next few years, be around 20–25 percent of earnings before tax for each year, excluding the outcome of any tax disputes.

Cash flow and investments

Cash flow from operating activities during the year amounted to SEK 6,392 M (6,154). The increase is attributable to increased cash flow deriving from the merger with Lindorff. Cash flow from investing activities over the year, adjusted for cash and cash equivalents in acquired companies, was negative in the amount of SEK 12,030 M, compared with a negative SEK 1,488 M in the preceding year, including the positive cash flow of SEK 7,511 M from the sale of companies in accordance with the European Commission's conditions.

Research and development

The Group is not engaged in any research and development other than the development of its IT systems. The year's investments in tangible and intangible fixed assets amounted to SEK 699 M (306) and largely involved hardware and software for IT systems, primarily for production. Technical development is rapid and correctly used, new technical solutions can enhance efficiency in the management of collection cases and the utilisation of the Group's databases. In pace with increasing demands for customer-adapted IT solutions, it is of strategic importance for Intrum to continuously be able to meet changes in the demand scenario.

Financing

Consolidated net debt increased by SEK 7.0 billion since the end of the preceding year. Disbursements have been made for the year's dividend, as well as investments in portfolios, subsidiaries and joint ventures.

Net debt in relation to pro forma rolling 12-month adjusted cash EBITDA amounted to 4.3 at the end of the year. This ratio is calculated by placing current consolidated net debt at the end of the quarter in relation to pro forma cash EBITDA, calculated cash EBITDA throughout the period for larger units acquired during the period, and excluding non-recurring items (NRIs).

In 2019, 350,000 shares were repurchased for SEK 86 M. Accordingly, the average number of shares outstanding over the year was 131,065,782 compared with 131,390,632 in the preceding year.

Goodwill

Consolidated goodwill amounted to SEK 33,358 M as per 31 December 2019, compared with SEK 33,055 M as per 31 December 2018. Of the increase, SEK 2,381 M is attributable to new acquisitions made during the year, SEK 33 M to the adjustment of the acquisition analysis and SEK 754 M to exchange rate differences. During the year, impairment of SEK 2,700 M was recognised in goodwill and SEK 165 M in goodwill was reclassified to customer relationships.

Sustainability

Intrum has prepared a sustainability report which is included in the annual report on pages 20–37 and 104–109. The auditor's statement regarding the statutory sustainability report can be found on page 110.

Intrum's sustainability work is rooted in our mission of leading the way towards a sound economy. In a sound economy, companies are paid on time for the goods and services they have sold, while all people have sufficient knowledge of personal finance and credit to be able to make informed decisions. This contributes to a sound economy for society as a whole.

As the leading player in credit management, and as experts in late payment and collection, Intrum bears a great responsibility to conduct its operations sustainably and ethically, while also working proactively on issues of finance and excessive debt.

Group Management

Intrum's Group Management the 31st of December 2019 comprised Mikael Ericson (President and CEO), Anders Engdahl (Chief Financial Officer and Acting Chief Investment Officer), Anette Willumsen (Regional Manager Northern Europe), Harry Vranjes (Head of Credit Management Services), Jean-Luc Ferraton (Chief Human Resources Officer), Johan Brodin (Chief Technology Officer and Acting Chief Risk Officer), Marc Knothe (Regional Manager Western and Southern Europe), Niklas Lundquist (Chief Legal Officer), Per Christofferson (Regional Manager Central and Eastern Europe), Anna Fall (Chief Brand & Communications Officer) and Alejandro Zurbano (Regional Manager Iberian Peninsula and Latin America).

During the year, Cathrine Klouman, Chief Operating Officer and Danko Maras, Chief Financial Officer left Intrum and Group Management.

Market outlook and future prospects

In Intrum's integrated business model, consisting of Credit Management Services (CMS) focusing on late payments and collection, and Portfolio Investments, we see good development in both areas.

Within our credit management operations we have gradually begun to centralise, standardise and improve large parts of the collection process. We anticipate all the actions we take in this area will continue to improve efficiency and the CMS margin in the future.

We see a continued high activity across Europe in the non-performing loan market. Our investments' return levels were stable during 2019, which was a result of both a continued high supply of defaulted credits, as well as our ability to leverage our broad geographical footprint. We expect a continuously stable development during 2020.

In 2020, we will continue the transformation of our credit management operations by taking advantage of our size and scale, capitalising on the efficiency improvements we worked to implement in the autumn of 2019, while also ensuring that the partnership with Piraeus Bank in Greece delivers as planned. and we also look forward to being an active partner on a continuously dynamic and attractive market across Europe. Intrum's size, diversification and highly cash-generative operations, mean we have the scope and flexibility to We will invest selectively, making sure to steer towards our 2020 targets while assuring continued favourable long-term growth.

Parent Company

The Group's publicly listed Parent Company, Intrum AB (publ), owns the subsidiaries, provides the Group's head office functions and handles certain Group-wide development work, services and marketing.

The Parent Company reported net revenues of SEK 402 M (215) for the year and earnings before tax of a negative SEK 783 M (positive 346). The decline in earnings is attributable to increased impairment of shares in subsidiaries and last year's increased income from participations in subsidiaries, in connection with disposals of subsidiaries and share dividends received. The Parent Company invested SEK 166 M (43) in fixed assets during the year and had, at the end of the year, SEK 220 M (251) in cash and equivalents. The average number of employees was 70 (68).

The share and shareholders

At the end of the year there were 131,541,320 shares in the Company, of which 600,000 were treasury holdings. All shares outstanding carry equal voting rights and an equal share in the Company's assets and earnings. At the end of the year, the largest shareholders in the Company were (Nordic Capital (43.9 percent of shares outstanding), Sampo Oyj (5.2), Handelsbanken Fonder (4.9), NN Investment Partners (4.9), and Vanguard (2.0).

See also the table on page 39. The Articles of Association do not contain any pre-emption clauses or other limitations on the transferability of the shares, and there are no other circumstances that the Company is obliged to disclose according to the provisions in chapter 6, section 2a, pages 3–11 of the Annual Accounts Act.

Board work

According to Intrum's Articles of Association, the Board of Directors shall consist of no less than five and no more than nine ordinary members with no more than four deputies. All members are elected by the Annual General Meeting.
During 2019, the Board held 19 meetings (22 in the preceding year). For a description of the work of the Board of Directors, please see the Corporate Governance Report on pages 42–51. On pages 46–47, the Corporate Governance Report also includes details of the most important elements of the Group's systems for internal control and the preparation of financial reports]. The Corporate Governance Report is also available at the corporate website www.intrum.com.

Events after the reporting year

On 13 March 2020 the Board of Directors of Intrum AB (publ) resolved to initiate a share buyback program with the purpose to reduce Intrum's share capital through cancellation of the shares that are repurchased. Through the program, Intrum will return further funds to shareholders and it is the Board of Directors' assessment that this will give the company a more optimal capital structure. The maximum number of shares that can be repurchased is 12,554,132.

On 25 March 2020 Intrum informed that the effects of Covid-19 vary from market to market. To date, countries in southern Europe have been hardest hit by the ongoing virus outbreak, which has affected all aspects of society. Intrum's Strategic Markets business line is experiencing delays in cash flows due to general restrictions brought in across countries and reduced activity in legal systems in particular. The secured assets relating to the cash flows however remain. In other European markets however, the effect on Intrum's activities has been relatively limited.

Global events related to the spread of Covid-19 are expected to have negative impacts on the company's productivity and results for a period of time. Our preliminary assessment is that reported earnings will be affected to a greater extent than cash EBITDA, but it is currently too early to quantify the financial effects.

Intrum has decided to reduce the rate of investment and increase the yield requirements on new portfolio investments while also to a very limited extent review M&A projects. Reduced M&A activity and lower investment in portfolio activities frees up a greater degree of cash flow in the business.

As a result of the impact of Covid-19 on Intrum's business, updated financial targets will be communicated at the capital markets day, which is planned to be held in the coming autumn.

The Board's proposal for guidelines for executive remuneration

The Board proposes that the following guidelines for executive remuneration shall be approved by the annual general meeting. The proposal has been prepared by the Remuneration Committee of the Board.

The guidelines will apply to the CEO and other members of Intrum's Group Management Team ("GMT"). The guidelines are forward-looking, i.e. they are applicable to agreements on remuneration, and on amendments to remuneration already agreed, enter into after adoption of the guidelines by the Annual General Meeting 2020. These guidelines do not apply to any remuneration to be separately resolved or approved by the General Meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Intrum's business strategy is, in short, to continue to grow, both in existing and new markets, and to continue to build its position as the undisputed market leader within the credit management industry. For more information regarding the company's business strategy, visions and goals, please see www.intrum.com.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the GMT a competitive total remuneration.

Long-term share-related incentive programmes ("LTIPs") have been implemented in the company. Such LTIPs have been resolved by the Annual General Meeting and are therefore excluded from these guidelines. The LTIP proposed by the Board and submitted to the Annual General Meeting 2020 for approval is excluded for the same reason. The proposed LTIP essentially corresponds to existing LTIPs. The LTIPs includes the GMT and other senior managers and key employees in the company. The evaluation metrics used to assess the outcome of the LTIPs are distinctly linked to the business strategy and thereby to the company's long-term value creation. At present, these metrics are linked to the company's Earnings Per Share ("EPS") target established by the Board.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration

Remuneration in the company should reflect job complexity, responsibility and performance, and it should be competitive in comparison with similar companies within similar industries in the relevant geography. The remuneration shall consist of the following components: annual fixed cash salary ("Base Salary"), annual variable cash remuneration ("Variable Salary Part/VSP"), pension benefits and other benefits. Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration such as LTIPs.

Base Salary

The Base Salary is based on three cornerstones: job complexity & responsibility, performance and local market conditions. The Base Salary is subject to annual revision.

Variable Salary Part/VSP

The VSP seeks to drive, and is designed to vary with, short-term business performance, and is set for one year at a time. The evaluation metrics are individually decided for each member of the GMT, and consist of Earnings Before Interest & Tax ("EBIT") (on group level or country level/s, as applicable) for all GMT members, except for the CIO for whom the metrics Portfolio Investment Service Line Earnings, Return On Investments and Book Value Growth are also applied. The Board may also decide to adjust the metrics targets or apply other similar evaluation metrics if deemed appropriate.

The maximum VSP pay-out is 100 percent of the Base Salary for the CEO and the CFO. For the other members of the GMT (except for the Chief Risk Officer, who is not eligible for VSP) the normal maximum VSP pay-out shall be 30 to 50 percent of the Base Salary, but for 2020 a maximum of 45 to 75 percent of the Base Salary shall apply (the "One Off Remuneration"/"OOR"). The CEO and the CFO are not eligible for the OOR.

To which extent the evaluation metrics for awarding VSP have been satisfied shall be evaluate and determined when the measurement period has ended. The company's Remuneration Committee is responsible for preparing the VSP evaluation for all GMT members. The determination of the VSP outcome is then resolved by the Board in its entirety.

No deferral periods are applied in relation to VSP and the VSP agreement does not contain any clause entitling the company to reclaim VSP.

Base Salary and VSP costs

The costs are estimated not to exceed MSEK 45.8 for the Base Salary, and MSEK 33.2 for VSP 2020, including the OOR but excluding social security contributions. These estimates do not take into account possible changes to the GMT during the year.

Pension benefits and other benefits
Intrum applies a retirement age of 65 for all members of the GMT, unless otherwise follows from applicable national rules.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. VSP does not constitute pensionable income. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the Base Salary.

For other GMT members, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 30 per cent of the Base Salary.

Other benefits than pension benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring), housing and company cars. For GMT members with housing benefits, such benefits may not amount to more than 20 per cent of the Base Salary. For GMT members without housing benefits, such benefits may not amount to more than ten per cent of the Base Salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or local practice, taking into account the overall purpose of these guidelines.

Termination of employment
The notice period may not exceed twelve months if notice of termination of employment is made by the company. Base Salary during the notice period, severance pay and compensation during a non-compete period may together not exceed an amount equivalent to twenty-four months Base Salary. The notice period may not exceed six months without any right to severance pay when termination is made by the GMT member.

Remuneration for non-compete undertakings shall compensate for loss of income. The remuneration amounts to not more than 100 per cent of the Base Salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than twelve months following termination of employment.

Remuneration and employment conditions for employees
In preparation of the Board's proposal for these guidelines and when evaluating whether the guidelines and the limitations set out herein are reasonable, account has been taken regarding the remuneration and employment conditions for employees of the company. This has been done by reviewing e.g. the employees' total remuneration, the components of their remuneration and remuneration growth and growth rate over time.

The decision-making process to determine, review and implement the guidelines
The Board has established a Remuneration Committee. The Remuneration Committee's tasks include preparing the Board's decision to propose these guidelines. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the GMT, the application of the guidelines for GMT as well as the current remuneration structures and compensation levels in the company.

The members of the Remuneration Committee are independent of the company and the GMT. The CEO and other members of the GMT do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines
The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration
These guidelines do not entail any significant changes in relation to the company's existing guidelines, apart from the VSP levels for the CEO and CFO, the OOR and applying EBIT as VSP evaluation metric (previously, EBIT after Cost of Capital was used as a main VSP evaluation metric).

The company has not received any views from shareholders to take into consideration.

Information on remuneration resolved but not yet due and on derogations from the remuneration guidelines resolved by the Annual General Meeting 2019
Previous Annual General Meetings have resolved on guidelines for executive remuneration and other terms of employment for the period up until the next Annual General Meeting. In short, these guidelines entail that Base Salary and VSP shall be payable on conditions similar to what has been described in these guidelines. Base Salary and VSP is expensed during the financial year, and VSP is paid out after the year-end report has been adopted by the Board.

The guidelines adopted by the Annual General Meeting 2019 have been adhered to without derogation, and all previously approved remuneration that has not yet been paid out is in line with the framework set out above.

Proposed appropriation of earnings
The Board of Directors and the President propose that SEK 11 per share (9.50) be distributed to shareholders, corresponding to a total of SEK 1,440 M (1,250). The full dividend proposal is presented on page 99. For further information on the earnings and financial position of the Parent Company and the Group, please refer to the income statements, balance sheets, statement of changes in shareholders' equity, cash flow statements and notes.

Publication of the Annual Report
This information is such that Intrum AB (publ) is required to disclose pursuant to the EU's markets abuse directive and the Securities Markets Act. The information was submitted for publication at 12.00 noon CET on 15 April 2019.

Proactive and effective risk management

Risk management within Intrum shall comprise effective analysis and monitoring of significant risks in the operations.

Our ability to prevent and manage risks is crucial for effective governance and control, and thus also for the Company's opportunities to generate profitability and value. A key prerequisite for being able to manage risk in a balanced way, the risks must first be identified, analysed, reported and reviewed. In recent years, we have worked purposefully to strengthen both the organisation and the risk management process.

Intrum's risk framework

Our risk management shall support the business operations, maintain a high level of quality to ensure risks are kept under control, safeguard the Company's survival and limit the volatility of Intrum's financial development. Risk control serves as protection safeguarding the Company's value, where the ability to assess and manage price risks regarding new transactions, for example, combined with monitoring the development of the investment portfolio is of great importance. This builds on an ongoing internal dialogue about the risks generated by the operations and the resources necessary to counteract them.

We continuously strive to identify, mitigate and monitor the risks to which the Group is or may be exposed. Good internal control is important, as is a functioning and effective risk framework.

Intrum strives to expose itself only to risks directly attributable to, or deemed necessary for, our business operations. As part of their regular work, all employees are responsible for managing the Company's risks. Continuous information and training on the risks inherent in the operations form an important part of Intrum's internal processes.

We also have a documented process for risk analysis and for approving new or significantly altered products, services, markets, acquisitions, processes and IT systems and in connection with major changes in the Company's organisation and operations.

Risk strategy

Intrum's risk strategy details the management and assessment of the risks to which its operations are, or may be, exposed. The strategy comprises:

- clear and documented internal procedures and control,
- an appropriate organisational structure with clearly defined and documented roles and authorisations,
- documented decision-making procedures,
- risk assessment methods and systems support tailored to the needs, complexity and scope of the operations,
- control of the Company's compliance with laws and other regulations applicable to the Company's operations,
- adequate resources and skills to achieve the desired quality in both business and control activities,
- regular incident reporting in operations,
- documented and disseminated contingency and business continuity plans.

Our risk strategy follows a clear division of roles and responsibilities according to the three lines of defence model and where responsibility is divided between business operations, risk control and compliance, and the internal audit function.

Control of risk management and compliance

Intrum applies the principle of the three lines of defence, a well-established model with clear roles and responsibilities, illustrated below. In accordance with Intrum's risk policy, identified risks have been classified on the basis of a risk framework, Intrum's "risk appetite", which is the level of risk that Intrum considers acceptable in achieving its business objectives.

Governance	
Board of Directors The Board of Directors is ultimately responsible for the Company's organisation and for there being appropriate systems and policies in place for managing the risks associated with Intrum's operations.	**Managing Director** Intrum's CEO is subordinate to the Board and is responsible for executing the risk strategy adopted by the Board of Directors in Intrum's ongoing management.

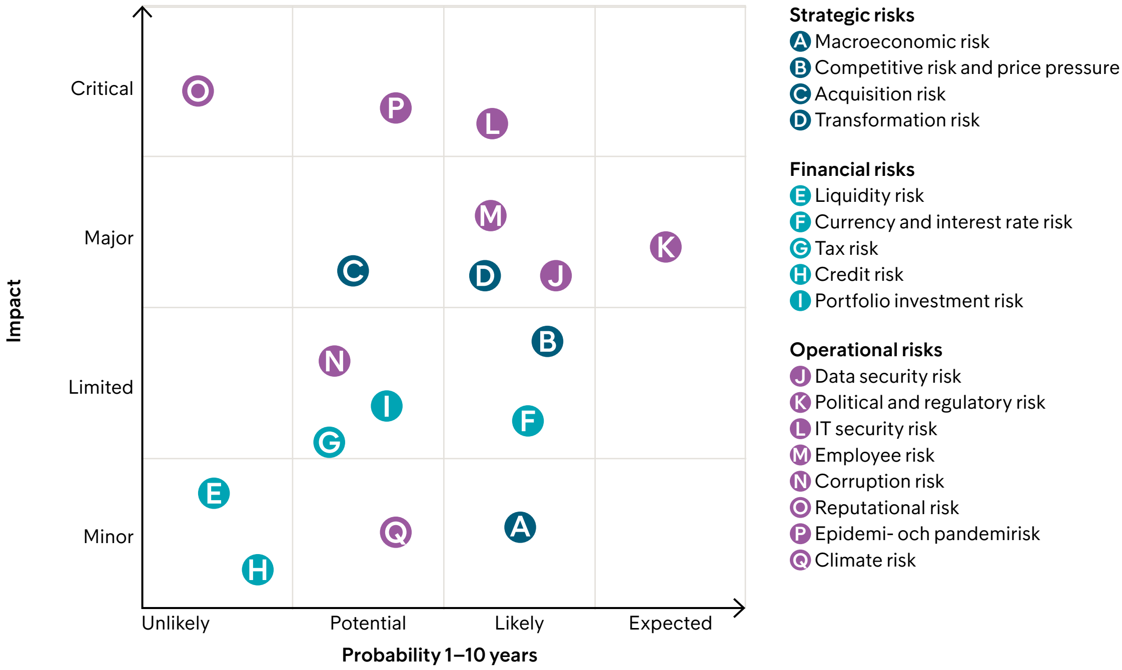
Risk management – three lines of defence			
1. The business operations – are responsible for the risks they take. The first line of defence comprises Intrum's business operations, which are the risk-taking part of the organisation. This entails responsibility for daily risk management and compliance with the Group's internal and external regulations.	**2. Risk and Compliance – controls risks and compliance** The second line of defence comprises the functions for risk control and compliance. Risk control ensures that there is sufficient risk awareness in the first line and shall play both a supportive and challenging role in the transaction process. To strengthen its independence, the Information Security function has been moved from the first line of defence to the Risk and Compliance function in the second line of defence. *Risk control* Also works to provide the business operations with the procedures, systems and tools required to uphold the on-going management of investments.	*Compliance* Verifies that the business operations adhere to legislation and regulations, and support the business operations within their area of responsibility. Compliance reports to the Chief Risk Officer (CRO) and has a dotted reporting line to the Board of Directors. The CRO reports to the CEO and also has a dotted reporting line to the Board of Directors.	**3. Internal audit - reports to the Board** The internal audit function works completely independently of the operations on behalf of the Board of Directors and reports directly to the Audit Committee. The function carries out risk-based, independent reviews of the first and second lines of defence.

Risk appetite

Intrum's risk appetite is expressed in, among other things, policies, instructions and guidelines established for the operations. Intrum defines risk as all factors which could have a negative impact on the ability of the Group to achieve its business objectives. Intrum's risk appetite is based on the following principles:

- To be able to pursue our strategy, the culture at Intrum shall be such that there is a built-in balance between risk-taking and value generation.
- The risk culture defines how the business operations are to act with acceptable risks, within the limits set by the Board.
- Intrum's investment operations entail the greatest inherent risks with a potential impact on the income statement and balance sheet and are therefore a central concern in the area of risk, where particular emphasis is placed on both transaction management and reporting.
- The risk appetite forms the basis for an ongoing dialogue within the management regarding Intrum's decision-making processes and is integrated into these. It determines what risk levels are appropriate and how the Group's business strategy are adapted to these.

Risk factors



Material risks

As a leading player in credit management and purchasing of overdue receivables, there are a number of risks that are of particular importance in safeguarding Intrum's future development and profitability. These constitute Intrum's most material risks. The likelihood of these risks occurring and the impact they would have on Intrum are illustrated below.

The risks can be divided into three general risk categories; strategic, financial and operational.

Sustainability risks are integrated into the same three risk categories as above, and are primarily related to risks associated with portfolio investments, reputational risks, data security, employees, climate and corruption.

Strategic risks

Risks	Description	Management
A Macroeconomic risk	To a certain extent the credit management sector would be negatively affected by a weaker economy. However, Intrum's assessment is that, historically, it has been less affected by economic fluctuations compared with other sectors.	We maintain an ongoing dialogue with the Company's country management teams and conduct regular checks on development in each market. We also monitor macro trends in each country by following up and analysing a number of macroeconomic variables.
B Competitive risk and price pressure	Increased competition can adversely affect operations and earnings. The European credit management industry is fragmented, with thousands of companies with different orientations. The price level is an aspect of competition, but can also, for example, reflect players accepting lower return levels.	Intrum's platform for handling debt collection cases is a competitive advantage, as this gives us control over the entire process, enabling us to ensure efficient case management. By means of a large European database, we also have good opportunities to ensure pricing based on risk, to avoid incorrect pricing and to make well-founded investment decisions.
C Acquisition risk	Opportunities to successfully complete acquisitions are dependent on Intrum's capacity to identify and assess acquisition targets, to identify and manage risks in the acquired operations and to integrate these effectively into Intrum's existing operations. A potential acquisition may require approval from an authority or other third party.	Ahead of an acquisition, a detailed review of the company, due diligence, is always performed, generally in conjunction with external consultants, with the aim of identifying risks and providing a basis for the valuation of the acquisition object. The Group also has a documented and standardised process for how acquisitions are to be implemented and followed up.
D Transformation risk	Intrum is currently undergoing a transformation, in which we are centralising and standardising systems, processes and working methods alike. The purpose is to derive economies of scale and to work even more efficiently to meet the expectations of our customers and other stakeholders. It is important that employees understand and participate in this development.	A continuous internal dialogue is maintained regarding the Company's goals, direction and strategy for the organisation to understand Intrum's objectives and the path for reaching these. We also apply a standardised process for approving major changes and always ensure that automation solutions are supported by control systems.

Financial risks

Risks	Description	Management
E **Liquidity risk**	Intrum is dependent on access to loan credits, both from banks and the capital market, to have liquidity available for meeting contractual obligations.	Intrum's policy is to always have liquidity available to cover our contractual financial flows and outstanding binding offers, both for corporate acquisitions and portfolio investments. Furthermore, at most 35 percent of Intrum's outstanding debt may fall due within 12 months. In order to ensure liquidity to cover liabilities that mature for payment, Intrum sets a target that in any individual year no more debt may fall due than Intrum is able to repay with self-generated funds. Intrum works actively to diversify its sources of financing and to maintain good relations with capital market players, including investors and credit rating agencies.
F **Currency and interest rate risk**	Intrum is partly exposed to fluctuations in exchange and interest rates. These risks can affect our earnings and financing costs.	In each country, investments, revenues and most operating expenses are denominated in local currencies, and thus currency fluctuations have a relatively minor effect on operating earnings within the relevant country. Revenues and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The translation exposure is limited through loans and currency forward transactions in foreign currencies. Intrum strives to match the fixed interest term on the debt with the Group's cash flow from purchased portfolios.
G **Tax risk**	Changes in tax law or practice in the area of taxation could result in financial losses or increased expenses for the Company. There is also the risk of mistakes or misinterpretation with regard to tax regulations, or that the tax authorities in a particular country may not agree with the conclusion reached by Intrum on some particular matter of assessment. The risk is particularly substantial with regard to value added tax (VAT), since a systematic error could cause a rapid build-up of large amounts.	To meet our obligation to pay the tax amount that we are required to pay in each territory in accordance with the laws and regulations laid down in each jurisdiction, a clear internal framework is followed and regular internal checks are performed. Intrum shall not make transactions with the main or sole purpose to generate a tax advantage.
H **Credit risk**	Intrum's counterparties may be unable to meet their obligations towards the Company. Financial assets that potentially are subject to the Group to credit risk include cash and cash equivalents, accounts receivable, portfolio investments, outlays on behalf of clients, derivatives and guarantees.	Cash and cash equivalents: Deposited at established banks where the risk of loss is considered remote. Accounts receivable: Most involve previously known customers whose creditworthiness is good. The receivables are both geographically and industrially diverse. Portfolio investments: See below, and Note 34.
I **Portfolio investment risk**	Intrum acquires portfolios, primarily past-due consumer receivables and takes efforts to collect on these. Unlike in conventional collection operations in which we work on behalf of clients in return for commissions and fees, in this case, all the rights and risks associated with the receivables are assumed. The risk in this business is that Intrum, at the time of acquisition, overestimates its ability to collect the amounts or underestimates the costs of collection. The maximum theoretical risk is of course that the entire carrying value would become worthless and have to be written off. In addition, there are risks associated with the nature of portfolios, such as the type of receivables in the portfolios and their previous owners. Today, Intrum has portfolios of receivables that are secured, primarily in property, in ca 10 countries.	Purchased debt portfolios are usually purchased at prices significantly below the nominal value of the receivables, and Intrum retains the entire amount it collects, including interest and fees. See also Note 34. Our instructions require that we regularly collect information about our clients and their shareholder relationships. This means that the Company must sometimes refrain from doing business with counterparties deemed unsuitable.

Operational risks

Intrum's definition of operational risks is based on the Basel Committee's principles for sound management of operational risks. Operational risks include risks linked to defective or failed internal processes, individuals and systems or from external events, including legal and compliance risks.

Risks	Description	Management
J **Data protection risk**	In our operations, we are dependent on a large amount of information containing personal data.	Intrum prioritises privacy, and restricted and controlled access to information. The fundamental principle is that, in accordance with applicable regulations, we only process personal data for which we have legal grounds to do so and that are necessary for our operations. All operating Group companies have appointed data protection officers who assure and regularly monitor our GDPR compliance. Further guidance can also be found in Intrum's privacy and data protection instructions. Read more on pages 34–35.

Risks	Description	Management
K **Political and regulatory risk**	Political developments at the national and international level can have an impact on Intrum's operations. Through new regulations, political decisions or official action, authorities can, influence the operations in both a positive and a negative direction.	We continuously monitor regulatory developments in the countries in which we operate and cooperate pro-actively with policy makers, both at the EU and national levels. A number of units within the Group are subject to financial supervision and are operated in accordance with specific regulations.
L **IT functionality and security risk**	We depend on accessible and well-functioning IT systems. Interruptions and errors in business-critical systems can pose risks to the operations and our reputation. Despite measures being taken, there is also a risk of illegal infringement into our systems providing unauthorised access to information or loss of data due to malicious software. Intrum's collection of payments also creates the risk of illegal exploitation of the Company's trademark (phishing).	IT functionality and security risks are managed through a combination of technical and administrative controls, such as regular checks and monitoring of systems, security training, risk assessments, centralised logging, auditing and prevention of intrusion.
M **Employee risk**	Intrum's employees are crucial to our success. We need to attract and retain competent and motivated employees and managers and we work actively with skills development and health promotion measures in order to achieve set goals. This obliges us to look after the well-being of our employees. Dependency on key individuals also poses a risk to the business continuity.	We attach great importance to clear values, good leadership and continuous skills development. With our market-leading position, we can offer good development opportunities in different countries. We measure and monitor the employees' well-being and motivation annually. We carry out regular development interviews among our employees, which aids good skills supply. Efforts to reduce key person dependency are in progress, supported by our work with business continuity and automation of processes to name a few initiatives.
N **Corruption risk**	Our employees face corruption, bribery and money laundering attempts both internally and in relation to external stakeholders. Thus, there is a risk that employees will use their position of power in order to benefit themselves, or to influence decision makers. Like other companies, Intrum also risks being exploited for laundering money from criminal activities, through insufficient knowledge of our clients or through the payment transactions undertaken.	We apply zero tolerance to corruption and bribery, and this is established in our internal instructions and training. Among other things, these require that we regularly collect information about our clients and their shareholder relationships. Our regulatory compliance function works to identify, evaluate and manage risks in this area, as well as to train our organisation. All employees are asked to report suspected cases of corruption or illegal activity through Intrum's whistleblower channel, which is provided in the local language and can be reached 24 hours a day. It is also possible to submit a report anonymously.
O **Reputational risk**	A good reputation is crucial to being able to successfully conduct debt collection operations in the long term. It is therefore extremely important that our customers (consumers) are always treated fairly and equally. Generally, confidence risks are of great importance for the Company's relationship with all stakeholders; clients, customers, employees, board members, investors, authorities and suppliers.	Our Code of Conduct plays a central role in the operations and describes the view of Intrum's role in society, our values, our relationship with our stakeholders and sustainability issues. We also expect our suppliers to comply with our Code of Conduct. At the end of 2019/beginning of 2020, a new digital training programme on our Code of Conduct was launched, targeting all employees. Suspected irregularities are reported through internal reporting channels or through the whistleblower function. The compliance function, and the authorities, also follow up our collection companies regularly to ensure that good collection practices are applied throughout the Group.
P **Epidemic and pandemic risk**	An epidemic or pandemic with long-term consequences for society and the corporate world also affects Intrum, as we interact with a large number of both companies and individuals across all our markets. During the first quarter 2020, the spread of Covid-19 has vastly impacted companies and individual around the world.	Intrum has business continuity plans for all markets and units within the company. In these plans, different measures for dealing with potential situations are being described, in case of for example offices are being shut or employees are prohibited to come to work due to illness. Our employees' health and security is Intrum's top priority. All our units have during March 2020 executed their continuity plans in order to, as far as it is possible, ensure business continuity also during a continuous negative development. During the first quarter 2020, Intrum has revised the business guidelines and also introduced temporary guidelines for how to treat customers during this Covid-19 situation. Intrum co-operates with local authorities, and follows their guidelines and recommendations.
Q **Climate risk**	We work to minimise our negative impact on the environment in areas where we have the opportunity to make a difference. Climate change may pose a risk to Intrum's operations in the longer term. This may involve purchasing portfolios of secure assets, for example, where property values could change in climate-exposed areas.	Through Intrum's environmental instructions and Code of Conduct, we work to reduce our environmental and climate footprint. For the past two years, we have measured Intrum's climate footprint and drawn up local environmental plans to reduce this. When acquiring portfolios of secure assets, the climate is one of the aspects assessed in relation to our collateral. The risk is relatively low as our sales horizon is around 10-15 years.

Financial statements

Contents

Consolidated income statement

SEK M	Note	2019	2018
Income from customers	2, 3	9,368	7,240
Income from portfolio investments in accordance with the effective interest method	14	6,589	6,114
Positive revaluations of portfolio investments	14	920	795
Negative revaluations of portfolio investments	14	–892	–707
Total revenues	**2, 3**	**15,985**	**13,442**
Cost of goods and services sold	3	–9,807	–7,369
Gross earnings		**6,178**	**6,073**
Sales, marketing and administration expenses	3	–2,553	–2,170
Goodwill impairment	4	–2,700	0
Provisions for credit losses on accounts receivable	16	–44	–31
Participations in joint ventures	5	1,179	106
Operating earnings (EBIT)	**2, 3, 4**	**2,060**	**3,978**
Financial income	6	63	60
Financial expenses	7	–1,984	–1,423
Net financial items		**–1,921**	**–1,363**
Profit before tax		**139**	**2,615**
Taxes	8	–424	–599
Net earnings for the year from continuing operations		**–285**	**2,016**
Earnings for the period from discontinued operations after tax	38	0	–73
Net earnings for the year		**–285**	**1,943**
Of which, attributable to:			
Parent Company’s shareholders		–362	1,936
Non-controlling interests	12	77	7
Net earnings for the year		**–285**	**1,943**
Earnings per share before and after dilution	**9**		
Average number of shares before and after dilution, thousands		131,066	131,391
Earnings from continuing operations		–2.76	14.73
Earnings from discontinued operations		0.00	–0.56
Total earnings per share before and after dilution		**–2.76**	**14.18**

Consolidated statement of comprehensive income

SEK M	Note	2019	2018
Net earnings for the year		–285	1,943
Other comprehensive income, items to be reallocated to earnings:			
The year’s change in translation reserve attributable to the translation of foreign operations		1,021	1,867
Comprehensive income for the year attributable to hedging of currency risks in foreign operations		–703	–1,320
Items that may be reclassified to profit or loss		**318**	**547**
Other comprehensive income, items not to be reallocated to earnings:			
Revaluations of pension liability for the year	8, 21	–32	6
Total other comprehensive income		**286**	**553**
Comprehensive income for the year		**1**	**2,496**
Of which, attributable to:			
Parent Company’s shareholders		–94	2,486
Non-controlling interests		95	10
Comprehensive income for the year		**1**	**2,496**

Consolidated balance sheet

SEK M	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Intangible fixed assets	10		
Goodwill		33,358	33,055
Capitalised expenditure for IT development		611	393
Client relationships		6,079	3,670
Other intangible fixed assets		191	63
Total intangible fixed assets		**40,239**	**37,181**
Tangible fixed assets			
Rights of use	30	888	0
Property investments		0	256
Computer hardware	11	53	56
Other tangible fixed assets	11	159	181
Total tangible fixed assets		**1,100**	**493**
Other fixed assets			
Shares and participations in joint ventures	13	6,539	4,746
Other shares and participations		0	1
Portfolio investments	14	28,508	24,830
Deferred tax assets	8	1,300	620
Other long-term receivables	15	183	33
Total other fixed assets		**36,530**	**30,230**
Total fixed assets		**77,869**	**67,904**
Current assets			
Accounts receivable	16	1,860	719
Property holdings		382	2,429
Client funds		1,060	917
Tax assets		382	273
Other receivables	17	1,334	1,553
Prepaid expenses and accrued income	18	1,343	890
Liquid assets	19	1,906	1,348
Total current assets		**8,267**	**8,129**
TOTAL ASSETS		**86,136**	**76,033**

SEK M	Note	31 Dec 2019	31 Dec 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company's shareholders	20		
Share capital		3	3
Other paid-in capital		18,237	18,237
Reserves		1,475	1,175
Retained earnings including net earnings for the year		2,299	4,251
Total shareholders' equity attributable to Parent Company's shareholders		**22,014**	**23,666**
Shareholders' equity attributable to non-controlling interests	12	2,879	2,006
Total shareholders' equity		**24,893**	**25,672**
Long-term liabilities			
Liabilities to credit institutions	23	6,186	6,534
Bond loan	23	40,644	33,254
Non-current lease assets		474	0
Other long-term liabilities		1,303	395
Provisions for pensions	21	387	263
Other long-term provisions	22	19	5
Deferred tax liabilities	8	1,938	1,729
Total long-term liabilities		**50,951**	**42,180**
Current liabilities			
Liabilities to credit institutions	23	0	296
Bond loan	23	1,000	1,000
Commercial papers	23	2,794	2,123
Client funds payable		1,060	917
Accounts payable		512	488
Income tax liabilities		422	241
Advances from clients		88	59
Current lease assets		443	0
Other current liabilities		810	852
Accrued expenses and prepaid income	24	3,014	2,056
Other short-term provisions	22	149	149
Total current liabilities		**10,292**	**8,181**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**86,136**	**76,033**

For information on the Group's pledged assets and contingent liabilities, see Note 25.

Consolidated cash flow statement

SEK M	Note	2019	2018
Cash flow from continuing operations			
Operating activities			
Operating earnings (EBIT)	2	2,060	3,978
Not included in cash flow:			
Amortisation/depreciation and impairment	4, 10, 11	4,284	900
Amortisation/revaluation of portfolio investments	14	4,146	3,854
Other adjustments for items not included in cash flow	2	–1,059	–351
Interest received		62	60
Interest paid		–1,454	–1,244
Payments for other financial expenses		–474	–42
Income tax paid		–802	–590
Cash flow from operating activities before changes in working capital		**6,763**	**6,565**
Changes in factoring receivables		–47	–67
Other changes in working capital		–324	–344
Cash flow from operating activities		**6,392**	**6,154**
Investing activities			
Purchases of intangible fixed assets	10	–247	–232
Purchases of tangible fixed assets	11	–452	–74
Portfolio investments in receivables and property holdings	14	–7,323	–6,872
Purchases of shares in subsidiaries and associated companies	34	–5,135	–8,587
Cash and cash equivalents in acquired/divested subsidiaries	34	384	–400
Divestments of shares in subsidiaries and associated companies		1,199	7,511
Other cash flow from investing activities		–72	729
Cash flow from investing activities		**–11,646**	**–7,925**
Financing activities			
Borrowings		95,943	24,963
Amortisation of loans		–88,714	–21,430
Share repurchases		–86	–56
Share dividend to Parent Company's shareholders		–1,247	–1,250
Share dividend to non-controlling interests		–58	0
Cash flow from financing activities		**5,838**	**2,227**
Cash flows from continuing operations		584	456
Cash flows from discontinued operations		0	–372
Change in liquid assets		**584**	**84**
Opening balance of liquid assets		1,348	1,253
Exchange rate differences in cash and cash equivalents		–26	11
Closing balance of liquid assets	19	**1,906**	**1,348**
Of which, cash and cash equivalents in discontinued operations			
Discontinued operations			
Cash flow from operating activities		0	13
Cash flow from investing activities		0	–589
Cash flow from financing activities		0	204
Group total			
Cash flow from operating activities		6,392	6,167
Cash flow from investing activities		–11,646	–8,514
Cash flow from financing activities		5,838	2,431

Consolidated statement of changes in shareholders' equity

See also Note 20.

SEK M	Number of shares outstanding	Share capital	Other paid-in capital	Reserves	Retained earnings incl. net earnings for the year	Total	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2018	**131,541,320**	**3**	**18,237**	**631**	**3,615**	**22,486**	**3**	**22,489**
Comprehensive income, 2018								
Net earnings for the year					1,936	1,936	7	1,943
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				1,864		1,864	3	1,867
Comprehensive income for the year attributable to hedging of currency risks in foreign operations				–1,401		–1,401		–1,401
Revaluations of pension liability for the year					8	8		8
Income tax on other comprehensive income				81	–2	79		79
Comprehensive income for the year	**0**	**0**	**0**	**544**	**1,942**	**2,486**	**10**	**2,496**
Transactions with Group owners in 2018								
Share dividend					–1,250	–1,250		–1,250
Share repurchases	–250,000				–56	–56		–56
Acquired minority interest						0	1,993	1,993
Closing balance, 31 December 2018	**131,291,320**	**3**	**18,237**	**1,175**	**4,251**	**23,666**	**2,006**	**25,672**
Amended accounting principle in accordance with IFRIC 23					–155	–155		–155
Opening balance, 1 January 2019	**131,291,320**	**3**	**18,237**	**1,175**	**4,096**	**23,511**	**2,006**	**25,517**
Comprehensive income, 2019								
Net earnings for the year					–362	–362	77	–285
Other comprehensive income for the year:								
The year's change in translation reserve attributable to the translation of foreign operations				1,003		1,003	18	1,021
Comprehensive income for the year attributable to hedging of currency risks in foreign operations				–878		–878		–878
Revaluations of pension liability for the year					–40	–40		–40
Income tax on other comprehensive income				175	8	183		183
Comprehensive income for the year	**0**	**0**	**0**	**300**	**–394**	**–94**	**95**	**1**
Transactions with Group owners in 2019								
Share dividend					–1,247	–1,247	–58	–1,305
Share repurchases	–350,000				–86	–86		–86
Changes in Group structure					–70	–70	836	766
Closing balance, 31 December 2019	**130,941,320**	**3**	**18,237**	**1,475**	**2,299**	**22,014**	**2,879**	**24,893**

At the end of 2019, exchange rate differences accumulated since the transition to IFRS amounted to SEK M 1,475 (1,175) including tax effects.

Parent Company

Income statement

SEK M	Note	2019	2018
Net revenues	3	402	215
Gross earnings		**402**	**215**
Sales and marketing expenses		–25	–46
Administrative expenses	4	–793	–726
Operating earnings (EBIT)		**–416**	**–557**
Income from participations in subsidiaries	6, 7	976	2,008
Exchange differences on monetary items classified as expanded investment	7	–578	–589
Interest income and similar items		1,297	1,017
Interest expenses and similar items	7	–2,062	–1,533
Net financial items		**–367**	**903**
Profit before tax		**–783**	**346**
Tax on net earnings for the year	8	96	–191
Net earnings for the year		**–687**	**155**

Statement of comprehensive income

SEK M	Note	2019	2018
Net earnings for the year		–687	155
Other comprehensive income		-	-
Comprehensive income for the year		**–687**	**155**

Balance sheet

SEK M	Note	31 Dec 2019	31 Dec 2018
ASSETS			
Intangible fixed assets	10		
Capitalised expenditure for IT development		141	43
Total intangible fixed assets		**141**	**43**
Tangible fixed assets	11		
Computer hardware		13	5
Total tangible fixed assets		**13**	**5**
Financial fixed assets			
Participations in Group companies	13	34,137	30,812
Deferred tax asset	8	104	9
Receivables from Group companies	15	35,386	24,148
Total financial fixed assets		**69,627**	**54,969**
Total fixed assets		**69,781**	**55,017**
Current assets			
Current receivables			
Receivables from Group companies		1,213	11,467
Other receivables	17	23	13
Prepaid expenses and accrued income	18	248	271
Total current receivables		**1,484**	**11,751**
Liquid assets			
Cash and bank balances		220	251
Total liquid assets		**220**	**251**
Total current assets	**38**	**1,704**	**12,002**
TOTAL ASSETS		**71,485**	**67,019**

SEK M	Note	31 Dec 2019	31 Dec 2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	20		
Share capital		3	3
Statutory reserve		282	282
Total restricted equity		**285**	**285**
Non-restricted equity			
Share premium reserve		17,442	17,442
Earnings brought forward		–2,613	–1,435
Net earnings for the year	12	–687	155
Total non–restricted equity		**14,142**	**16,162**
Total shareholders' equity		**14,427**	**16,447**
Long-term liabilities			
Liabilities to credit institutions	23	6,187	6,534
Bond loan	23	40,645	33,254
Liabilities to Group companies	8	3,361	3,207
Total long-term liabilities		**50,193**	**42,995**
Current liabilities			
Overdraft facility	23	0	11
Bond loan	23	1,000	1,000
Commercial papers	23	2,794	2,123
Accounts payable		72	33
Liabilities to Group companies		1,994	3,825
Other current liabilities		4	3
Accrued expenses and prepaid income	24	1,001	582
Total current liabilities		**6,865**	**7,577**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**71,485**	**67,019**

For information on pledged assets and contingent liabilities, see Note 25.

Cash flow statement

SEK M	Note	2019	2018
Operating activities			
Operating earnings		–416	–557
Amortisation/depreciation and impairment		61	5
Interest received		1,298	1,017
Interest paid		–1,024	–1,351
Payments for other financial expenses			–110
Cash flow from operating activities before changes in working capital		**–81**	**–996**
Changes in working capital		–608	65
Cash flow from operating activities		**–689**	**–931**
Investing activities			
Investments in intangible fixed assets		–156	–38
Investments in tangible fixed assets		–10	–5
Purchases of shares in subsidiaries and associated companies		–3,326	–67
Disposal of subsidiary			1,907
Share dividend from subsidiaries			363
Cash flows from investing activities		**–3,492**	**2,160**

SEK M	Note	2019	2018
Financing activities			
Borrowings		96,485	26,327
Amortisation of loans		–88,140	–21,430
Net loans to subsidiaries		–2,862	–4,664
Share dividend to Parent Company's shareholders		–1,247	–1,250
Share repurchases		–86	–56
Cash flow from financing activities		**4,150**	**–1,073**
Change in liquid assets		–31	156
Opening balance of liquid assets		251	95
Closing balance of liquid assets	19	220	251

Statement of changes in shareholders' equity

See also Note 20.

SEK M	Number of shares outstanding	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Earnings brought forward	Net earnings for the year	Total shareholders' equity
Opening balance, 1 January 2018	**131,541,320**	**3**	**282**	**17,442**	**-**	**248**	**–380**	**17,595**
Comprehensive income, 2018								
Net earnings for the year							155	155
Other comprehensive income for the year					-	0	0	0
Comprehensive income for the year	**0**	**3**	**282**	**17,442**	**-**	**0**	**155**	**155**
Disposition of previous year's earnings						–380	380	0
								0
Transactions with Group owners in 2018								0
Share dividend						–1,250		–1,250
Share repurchases		0		0	-	–53		–53
Closing balance, 31 December 2018	**131,541,320**	**3**	**282**	**17,442**	**-**	**–1,435**	**155**	**16,447**
Comprehensive income, 2019								
Net earnings for the year							–687	–687
Other comprehensive income for the year					-			0
Comprehensive income for the year	**0**	**0**	**0**	**0**	**-**	**0**	**–687**	**–687**
Disposition of previous year's earnings						155	–155	0
Transactions with Group owners in 2019								0
Share dividend						–1,247		–1,247
Share repurchases	–350,000				-	–86		–86
Closing balance, 31 December 2019	**131,191,320**	**3**	**282**	**17,442**	**-**	**–2,613**	**–687**	**14,427**

Share capital and statutory reserve are restricted equity. Other items are non-restricted equity.

Notes

Note 1 Significant accounting and valuation principles

General

The Parent Company Intrum AB (publ) is a registered company domiciled in Stockholm, Sweden. The address of the Company's headquarters is Hesselmans Torg 14, Nacka, SE–105 24 Stockholm, Sweden. During 2019, the Company was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the Company's Board of Directors on 1 April 2020. The balance sheets and income statements will be presented to the Annual General Meeting on 6 May 2020.

The Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the Parent Company and for the Group. The financial statements are therefore presented in SEK. All amounts, unless indicated otherwise, are rounded off to the nearest SEK M.

The consolidated and annual accounts pertain to 1 January – 31 December for income statement items and 31 December for balance sheet items.

Accounting standards applied

With regard to the consolidated financial statements, the Annual Report for Intrum AB (publ) has been prepared in accordance with the Annual Accounts Act and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The Group applies IFRS as adopted by the European Union (EU). For 2018 and 2019, there are no new accounting standards relevant to Intrum in the IFRS issued by the IASB that have not yet been adopted by the EU. This means that the Group's application of IFRS as adopted by the EU during the year also corresponds to the application of IFRS as issued by the IASB.

Further, recommendation RFR 1 Supplementary accounting rules for groups from the Swedish Financial Reporting Board has been applied.

The Parent Company applies the same accounting principles as the Group except in the cases stated in the section "Parent Company accounting principles".

Assumptions

Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities, which are measured at fair value.

The preparation of financial reports in accordance with IFRS requires the Board of Directors and Management to make estimates and assumptions that affect the application of the accounting principles and the carrying values of assets, liabilities, revenue and expenses. Estimates and assumptions are based on historical experience and a number of other factors that under current circumstances seem reasonable. The result of these estimates and assumptions is then used to determine the carrying values of assets and liabilities that otherwise are not clearly indicated by other sources. Actual outcomes may deviate from these estimates and assumptions.

Estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made, provided it has affected only this period, or the period the change was made and future periods if the change affects both current and future periods.

Estimates made by the Company that have a significant impact on the financial statements and estimates, which could necessitate significant adjustments in financial statements in subsequent years, are described in more detail in Note 36.

The accounting principles described below for the Group have been applied consistently for all periods in the Group's financial statements, unless otherwise indicated. The Group's accounting principles have been applied consistently in the consolidation of the Parent Company, subsidiaries, associated companies and joint ventures.

Changes in accounting principles

Accounting standards that entered into force in 2019

The Group applies IFRS 16 Leases as of 2019. IFRS 16 stipulates that for both financial and operational leases of significance, a right of use asset and a lease liability are to be recognised. The exception is short-term leases and lease agreements for lower-value assets, for which lease fees are expensed on a straight-line basis. The right of use asset is recognised with linear amortisation over the term of the contract or the assessed financial lifetime of the asset, whichever is shorter. The lease liability is recognised including interest expenses in accordance with the effective interest rate method. The introduction of IFRS 16 entails lease liabilities being recognised for lease agreements previously classified as operational leases in accordance with IAS 17. These liabilities are valued at the present value of the future minimum lease payments, discounted at the marginal loan rate. Intrum applied the modified retroactive method, meaning that the effect of introducing IFRS 16 was recognised directly against the opening balance without the comparison figures being recalculated. The principal effects on Intrum's accounting were that the Group's total assets increased by SEK 709 M, calculated as per the beginning of 2019, with both an asset and a liability being reported for leases in effect (and where the amount is updated annually), and with operating earnings improving over the first year by SEK 43 M annually through the implicit interest expense in the leases being reported in net financial items rather than in operating earnings.

Leases of low value (assets that, in new condition, have a value of less than approximately SEK 50,000) – primarily comprising IT and office equipment – are not included in the leasing debt but continues to be expensed on a straight-line bases over the lease term. Accordingly, the amended accounting relates mainly to rented office premises and cars.

Intrum applies IFRIC 23 — Uncertainty over Income Tax Treatments, from 1 January 2019. IFRIC 23 requires that a reservation be made, based on a probability assessment, for all tax risks where it is probable that the tax authorities, in the event of a full review, would disagree with the Company's assessment. In conjunction with the introduction of IFRIC 23, Intrum has increased its provisions for potential tax disputes attributable to intra-Group transactions. The effect is an increase of SEK 155 M in the Group's income tax liabilities, which is reported directly against the opening balance without the comparison figures being translated.

Other changes to IFRS are not expected to have any material effect on the consolidated accounts.

Classification issues

Fixed assets and long-term liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities in the Parent Company and the Group consist of amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

Consolidation

In subsidiaries

The Group applies IFRS 3 Business combinations and IFRS 10 Consolidated financial statements.

The consolidated accounts include the annual accounts of all subsidiaries, i.e., companies in which the Parent Company, directly or indirectly, holds more than 50 percent of the votes or otherwise can exercise control over operations. A controlling interest is achieved when the Group is exposed to, or has rights to variable returns from, its commitment to the Company and is able to affect returns by means of its decisive influence. An influence arises when the Group has existing rights enabling it to control the relevant operations, that is, the operations that significantly affect the Company's performance.

The consolidated accounts are prepared according to the acquisition method, which means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the subsidiary's assets and takes over its liabilities and contingent liabilities. The Group's equity therefore includes only the portion of the subsidiary's equity added since acquisition. The Group's cost is determined through an acquisition analysis in connection with the acquisition. The analysis determines the cost of the shares or operations as well as the fair value of acquired, identifiable assets and assumed liabilities and contingent liabilities. The cost of the subsidiary's shares or operations consists of the fair value of the compensation on the transfer date and transaction expenses directly attributable to the acquisition. The cost includes conditional purchase considerations recognised as liabilities at fair value per the acquisition date. Transaction costs are expensed as incurred.

In acquisitions where the cost exceeds the net value of acquired assets and assumed liabilities and contingent liabilities, the difference is reported as goodwill. When the difference is negative, it is recognised directly through profit or loss.

Non-controlling interests arise in cases where the acquisition does not relate to the entire subsidiary. There are two options for recognising non-controlling interests. The two options are to recognise the percentage of non-controlling interests that makes up proportional net assets, or to recognise non-controlling interests at fair value, which means that non-controlling interests form a percentage of goodwill. The method used for recognising non-controlling interests is made on a case by case basis.

The financial reports of subsidiaries are included in the consolidated accounts from the acquisition date until control ceases.

Intra-Group receivables and liabilities, revenue and expenses, and unrealised gains and losses that arise from transactions within the Group are eliminated in their entirety in the consolidated accounts.

Unrealised gains arising from transactions with associated companies and joint ventures are eliminated to a degree corresponding to the Group's ownership of those companies. Unrealised losses are eliminated in the same way as unrealised gains, to the extent there is an indication of impairment.

Associated companies and joint ventures
The Group applies IAS 28 Investments in associates and joint ventures, and IFRS 11 Joint arrangements.

Associated companies are companies that are not subsidiaries but where the Parent Company, directly or indirectly, has at least 20 percent of the votes or otherwise exercises significant influence without having control over the partly owned company.

Participations in associated companies and joint ventures are recognised in the consolidated accounts according to the equity method, which means that the holding in the company is recognised at cost and subsequently adjusted to the Group's share of the change in the associated company's net assets. The value of the shares includes goodwill from the acquisition. The consolidated income statement includes the Group's participation in the company's earnings less goodwill impairment. The amount is reported under Participations in the earnings of associates and joint ventures. Dividends received from the company are not recognised in the income statement and instead reduce the carrying value of the investment.

Any difference between the cost of an acquisition and the owner's share of the net fair value of the associated company's identifiable assets, liabilities and contingent liabilities is recognised in accordance with IFRS 3.

The equity method is applied from the date a significant influence arises until the time it ceases or the associated company becomes a subsidiary.

If the Group's share of reported losses in the company exceeds the carrying value of its participations, the value of those participations is reduced to nil. Losses can also be offset against the Group's unsecured receivables from the company if they constitute part of the net investment. Further losses are not recognised provided the Group has not issued guarantees to cover them.

Joint ventures
The Group applies IFRS 11 Joint arrangements.

Joint arrangements pertain to companies in which Intrum and other part-owners manage operations jointly in accordance with a shareholder agreement.

Joint arrangements classified as joint ventures are reported in the consolidated accounts in accordance with the equity method. Joint ventures are companies in which the Group, through collaborative agreements, shares a controlling interest with one or more parties, such that the Group is entitled to net assets rather than having a direct entitlement to assets and responsibility for liabilities. Jointly owned companies are recognised at cost and subsequently adjusted for the Group's share of the change in the company's net assets. The consolidated income statement includes the Group's share of earnings, and this is reported under Participations in the earnings of associates and joint ventures. Dividends received from joint ventures are not recognised in the income statement and instead reduce the carrying value of the investment. The equity method is applied from the date on which joint control is gained until the date that it ceases or transitions to the sole influence of Intrum.

Shared operations, usually conducted in a company format, are joint arrangements in which Intrum and one or more partners are entitled to all of the financial benefits related to the assets of the operations. Shared operations are reported according to the profit split method, meaning that each party to a joint venture reports its share of assets, liabilities, income and expenses.

Foreign currency
The Group applies IAS 21 Effects of Changes in Foreign Exchange Rates.

Transactions in foreign currency
Group companies prepare their accounts in the local functional currency in the country where they have their operations. Transactions in a currency other than the local currency are recognised at the exchange rate in effect on the transaction day. When such transactions are offset or settled, the exchange rate may deviate from the one that applied on the transaction day, in which case a (realised) exchange rate difference arises. Moreover, monetary assets and liabilities in foreign currency are translated at the exchange rates on each balance sheet date, due to which an (unrealised) exchange rate difference arises. Both realised and unrealised exchange rate differences of this type are recognised in the income statement – in the operating result if, for example, they refer to accounts receivable or accounts payable, or in net financial items if they refer to financial investments and borrowing in foreign currency.

To avoid exchange rate differences, receivables and liabilities in foreign currency are sometimes hedged through forward exchange contracts. The Group's holding of forward exchange contracts is marked to market on each balance sheet date, and changes in value are recognised through profit or loss.

Translation of the financial statements of foreign operations
Assets and liabilities in foreign operations, including goodwill and other Group surplus and deficit values, are translated from the functional currency to the Group's reporting currency, Swedish kronor, at the exchange rate on balance sheet date. Income and expenses are translated at the average rate, which serves as an approximation of the rate that applied on each transaction date. Translation differences arise in the translation of subsidiary accounts in part because the balance sheet date rate changes each period and in part because the average rate deviates from balance sheet date rate. Translation differences are recognised directly in total comprehensive income as the year's change in the translation reserve.

Long-term receivables and liabilities between the Parent Company and subsidiaries can be seen as an extension or reduction of the net investment in each company. If this is the case, translation differences are recognised under other comprehensive income in the consolidated financial statements.

When foreign operations are sold, accumulated translation differences attributable to those operations are realised.

The Group has hedged certain cash flows in a foreign currency by entering into a series of forward exchange contracts. The effects of market valuation of the forward exchange contracts are initially reported in other comprehensive income, but are recognised in operating profit in pace with the reporting of the planned underlying cash flows.

Financial assets and liabilities
The Group applies IAS 32 Financial Instruments: Presentation, IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement.

A financial instrument is any form of agreement giving rise to a financial asset in a company and a financial liability or equity instrument in a counterparty.

Financial instruments recognised in the balance sheet include, on the asset side, cash and bank balances, accounts receivable and other equity instruments, loans receivable, portfolio investments and derivatives. Client funds are recognised on a separate line in the balance sheet and therefore are not included in the Group's reported liquid assets. Included among liabilities and equity are accounts payable, client funds payable, debt and equity instruments in issue, loan liabilities and derivatives.

On initial recognition, financial assets (except accounts receivable with no significant financing component) and financial liabilities are valued at fair value plus (in the case of financial instruments not measured at fair value via the income statement) transaction costs directly attributable to the acquisition or issue. Accounts receivable with no significant financing component are valued at the transaction price.

On initial recognition, a financial asset is classified as valued at amortised cost, fair value via other comprehensive income or at fair value via the income statement. Financial assets are not reclassified after initial recognition, unless the Group changes its business model for managing financial assets, in which case all of the financial assets concerned are reclassified from the first day of the reporting period commencing after the change in business model.

A financial asset or financial liability is recognised in the balance sheet when the Company becomes party to the instrument's contractual terms. Receivables are recognised when the Company has performed and there is a contractual obligation on the counterparty to pay, even if an invoice has not yet been received. Accounts receivable are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when the counterparty has performed and there is a contractual obligation to pay, even if an invoice has not yet been received. Trade accounts payable are recognised when an invoice is received. A financial asset is removed from the balance sheet when the rights in the agreement are realised, expire or the Company loses control over them. A financial liability is removed from the balance sheet when the obligation in the agreement has been discharged or otherwise extinguished.

The fair value of listed financial assets corresponds to their listed market price on the balance sheet date. The fair value of unlisted financial assets is determined by using valuation techniques, e.g., recently conducted transactions, the price of similar instruments and discounted cash flows. For forward exchange contracts and currency interest rate swaps, fair value is determined based on listed prices. The fair value of forward exchange contracts and currency interest rate swaps is calculated by discounting the difference between the contracted forward rate and the forward rate that can be secured on the balance sheet date for the remaining contract period. The current value is obtained by discounting applying the Group's weighted average cost of capital. For further information, see Note 34.

Portfolio investments
Portfolio investments consist of portfolios of delinquent receivables purchased at prices significantly below the nominal receivable. Portfolio investments usually refer to receivables from private individuals and are often unsecured receivables. They are reported in accordance with the rules for acquired impaired ("credit-impaired") receivables in IFRS 9, that is, at amortised cost applying the effective interest method and an effective interest rate reflecting the degree to which the receivable is impaired. The portfolios are attributable to the third stage of credit risk in accordance with the classification in IFRS 9.

In the income statement, income from portfolio investments is recognised, in accordance with the effective interest rate method, as the collected amount less amortisation. The collection is often performed by the same personnel who handle collections and debt surveillance on behalf of external clients within the Credit Management service line. The cost of collection is debited internally at market price and expensed in the income statement for the Portfolio Investments service line as a cost of services sold.

Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of all projected future cash flows discounted by an initial effective interest rate determined on the date the portfolio was acquired, based on the relation between cost and the projected future cash flows on the acquisition date. Changes in the carrying value of the portfolios are comprised of amortisation for the period and are recognised in earnings as a deduction item in the calculation of income in accordance with the effective interest method.

In connection with the purchase of each portfolio of receivables, a projection is made of the portfolio's cash flows. Cash flows include the loan amount, reminder fees, collection fees and late interest that, based on a probability assessment, are expected to be received from end customers, less forecast collection costs. With this forecast and the acquisition price including transaction costs as a basis, each portfolio is assigned an initial effective interest rate that is then used to discount cash flows through the life of the portfolio.

Current cash flow projections are monitored over the course of the year and updated based on, among other things, achieved collection results, agreements reached with end-customers on instalment plans and macroeconomic information, including forecasts of economic development and unemployment in each country. Cash flow projections are made at the portfolio level, since each portfolio of receivables consists of a small number of homogeneous amounts. On the basis of the updated cash flow projections and initial effective interest rate, a new carrying value for the portfolio is calculated in the closing accounts.

The accounting model assumes each portfolio to be relatively homogeneous and comprising a large number of receivables for smaller amounts. Portfolios comprising individual larger receivables, generally receivables with underlying collateral in the form of properties, are valued on acquisition and at the level of the receivables in ongoing reporting over the lifecycle of the portfolio and not at the portfolio level.

The Group applies internal application rules which mean that the initial effective interest rate can be adjusted in certain cases without a change in the carrying value of the portfolio for minor projection adjustments within a predetermined interval.

Changes over time in the book value can be divided into an anticipated time and interest rate component (amortisation) and a component related to changes in estimates of future cash flows (revaluation). The effects of changes in cash flow forecasts, including changes in the anticipated financial lifetime of the portfolio, are referred to as revaluations and treated symmetrically, i.e., both increases and decreases in forecast flows affect the portfolios' book value and, as a result, earnings. This means that certain portfolios may be valued at an amount higher than their cost.

Although selling portfolios of purchased debt is not included in the business model, when such sales do occur as an exception, the resulting sales price received for the portfolio is reported in the same way as if it had been recovered from the end-customers. The entire remaining carrying values of the portfolios are recognised as amortisation.

Long-term receivables and other receivables
Long-term receivables and other receivables are those that arise when the Company provides money without the intent to trade its claim. If the anticipated maturity is longer than one year they constitute long-term receivables, and if it is shorter they are other receivables. These receivables are recognised at amortised cost.

Accounts receivable
Accounts receivable are recognised at the amount expected to be received after deducting impaired receivables, which are determined individually or according to statistical models based on historical experience in each country. Provisions are made for doubtful accounts receivable as the receivables arise, for expected losses, and are, if necessary, adjusted over the term of the claim. The anticipated maturity of accounts receivable is short, so they are carried at amortised cost without discounting.

Legal outlays
The Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from end-customers. In certain cases Intrum has agreements with its clients where any expenses that cannot be collected from end-customers are instead refunded by the clients. The amount that is expected to be recovered from a solvent counterparty is recognised as an asset in the balance sheet on the line Other receivables. The anticipated maturity of these receivable is short, so they are carried at amortised cost without discounting.

Client funds
Client funds, which are reported as assets and liabilities in the balance sheet, represent cash received on collection of a specific debt on behalf of a client and payable to the client within a specified period. Client funds are liquid funds with a restricted disposition right. The same amount is reported as a liability.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, as well as immediately available balances with banks and similar institutions. Short-term investments consist of investments with an insignificant risk of fluctuating in value, which can easily be converted to cash and have a maturity of not more than three months from acquisition.

Liabilities
The Group applies IAS 32 Financial Instruments: Presentation, IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement.

A financial liability is any form of agreement involving a commitment to deliver liquid funds or other financial assets to a counterparty, or that can be resolved by providing an equity instrument.

Liabilities are initially recognised at the amount received following deduction of transaction costs. Subsequent to acquisition, loans are carried at amortised cost according to the effective rate method. Long-term liabilities have an anticipated remaining maturity of more than one year, while short-term liabilities have a maturity of less than one year. The Group's long-term loans generally have short fixed interest periods, which means that the nominal loan amount plus accrued interest is a good approximation of the liability calculated according to the effective rate model.

Accounts payable
Accounts payable are valued at amortised cost. However, accounts payable have a short anticipated maturity and are carried without being discounting to a nominal amount.

Derivative instruments
Derivatives consist of forward exchange contracts, interest rate swaps and currency interest rate swaps used to reduce interest and exchange rate risks attributable to assets and liabilities in foreign currency. Derivatives are also contractual terms embedded in other agreements. Embedded derivatives are recognised separately if they are not closely related to the host agreement.

Forward exchange contracts are classified as financial assets or liabilities recognised at fair value via the income statement (held for trade) and assessed at fair value without deductions for transaction expenses that may arise on sale or similar.

Hedge accounting is not needed for forward exchange contracts because the hedged item and the hedging instrument are carried at the price on the balance sheet date with changes in value recognised in the income statement as exchange rate differences. Changes in the value of operations-related receivables and liabilities are recognised in operating earnings, while changes in the value of financial receivables and liabilities are recognised in net financial items.

Currency interest rate swaps are valued at fair value and reported in the balance sheet together with hedge accounting via Other comprehensive income. Currency interest rate swaps may be signed in connection with the Group issuing bonds in one currency that need to be exchanged to another currency to hedge net investments in foreign operations where the loan currency has been used in the operations.

Hedge accounting with regard to exchange rate risk in the net investment in foreign subsidiaries
Investments in foreign subsidiaries (net assets including goodwill) are to some extent hedged through loans in foreign currency or forward exchange contracts that are translated on the closing date to the exchange rate then in effect. Translation differences for the period on financial instruments used to hedge a net investment in a Group company are recognised in the degree the hedge is effective in total comprehensive income, while cumulative changes are recognised in equity (translation reserve). As a result, translation differences that arise when Group companies are consolidated are neutralised.

Property holdings
The Group applies IAS 2 Inventories.
In connection with acquisitions of portfolio investments and in connection with the recovery of collateral for acquired receivables, Intrum may become owners of property holdings or other physical goods. They have been acquired for the purpose of being divested within the Group's ongoing operations, and are therefore classified as inventories. These are reported in the balance sheet at cost or net realisable value, whichever is lower.

When goods from these inventories are sold, the sales price received is recognised as income and the amount recognised as an inventory asset is reported among expenses for goods and services sold in the same period.

Intangible fixed assets
Goodwill
Goodwill represents the difference between the cost of an acquisition and the fair value of the acquired assets, assumed liabilities and contingent liabilities.

If the Group's cost of the acquired shares in a subsidiary exceeds the market value of the subsidiary's net assets according to the acquisition analysis, the difference is recognised as Group goodwill. The goodwill that can arise through business combinations implemented through other than a purchase of shares is recognised in the same way.

For business combinations where the cost is less than the net value of acquired assets and assumed and contingent liabilities, the difference is recognised directly through profit or loss.

Goodwill is recognised at cost less accumulated impairment. The fair value of goodwill is determined annually for each cash-generating unit in relation to the unit's performance and anticipated future cash flow. If deemed necessary, goodwill is written down on the basis of this evaluation. Intrum's operations in each geographical region (Northern Europe, Central and Eastern Europe, Western and Southern Europe, as well as the Iberian Peninsula and Latin America) are, in this context, considered to be the Group's cash-generating units. Goodwill arising from the acquisition of a company with a functional currency other than SEK is recognised as an asset in the functional currency and translated in the accounts at the balance sheet date rate.

Capitalised expenditure for IT development
The Group applies IAS 38 Intangible Assets.
Expenditures for IT development and maintenance are generally expensed as incurred. Expenditures for software development that can be attributed to identifiable assets under the Group's control and with anticipated future economic benefits are capitalised and recognised as intangible assets. These capitalised costs include staff costs for the development team and other direct and indirect costs. Borrowing costs are included in the cost of qualified fixed assets.

Additional expenditures for previously developed software, etc. are recognised as an asset in the balance sheet if they increase the future economic benefits of the specific asset to which they are attributable, e.g., by improving or extending a computer programme's functionality beyond its original use and estimated useful life.

IT development costs that are recognised as intangible assets are amortised using the straight-line method over their useful lives (3–5 years). Useful life is reassessed annually. The asset is recognised at cost less accumulated amortisation and impairment losses.

Costs associated with the maintenance of existing computer software are expensed as incurred.

Client relationships
Client relationships that are recognised as fixed assets relate to fair value revaluations recognised upon acquisition in accordance with IFRS 3. They are amortised on a straight-line basis over their estimated useful life (5–10 years). Useful life is reassessed annually. The asset is recognised at cost less accumulated amortisation and impairment losses.

Other intangible fixed assets
Other intangible fixed assets relate to other acquired rights are amortised on a straight-line basis over their estimated useful life (3–5 years). Useful life is reassessed annually. The asset is recognised at cost less accumulated amortisation and impairment losses.

Tangible fixed assets
The Group applies IAS 16 Property, Plant and Equipment and IAS 40 Investment Property.

Tangible fixed assets are recognised at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and costs directly attributable to putting the asset into place and condition to be utilised in the way intended. Examples of directly attributable costs are delivery and handling, installation, consulting services and legal services. Depreciation is booked on a straight-line basis over the asset's anticipated useful life (3–5 years). Useful life is reassessed annually.

Operational properties are properties that have been acquired to be leased to others or used within the Group's operations rather than being sold. They are reported in accordance with the cost method, applying depreciation over the estimated useful life of the buildings. Additional expenses are capitalised only to the extent that they increase value in relation to performance on the date on which the property was acquired. No depreciation is applied for land.

The carrying value of a tangible fixed asset is excluded from the balance sheet when the asset is sold or disposed of or when no economic benefits are expected from its use or disposal of the asset. The gain or loss that arises on the sale or disposal of an asset is comprised of the difference between the sales price and the asset's carrying value less direct costs to sell. Gains and losses are recognised as other operating earnings.

In connection with each closing date, a determination is made of each asset's residual value and useful life.

Tangible fixed assets are recognised as an asset in the balance sheet if it is likely that the future economic benefits will accrue to the Company and the cost of the asset can be reliably estimated.

Leasing
The Group applies IFRS 16 Leases.
IFRS 16 stipulates that for leases of significance, a right of use asset and a lease liability are to be recognised. The exception is short-term leases and lease agreements for lower-value assets, for which lease fees are expensed on a straight-line basis. The right of use asset is recognised with linear amortisation over the term of the contract. The lease liability is recognised including interest expenses in accordance with the effective interest rate method. These liabilities are valued at the present value of the future minimum lease payments, discounted at the marginal loan rate.

Taxes
The Group applies IAS 12 Income Taxes.
Income taxes consist of current tax and deferred tax. Income taxes are recognised in the income statement unless the underlying transaction is recognised directly in other total comprehensive income and in shareholders' equity, in which case the related tax effect is recognised in other total comprehensive income and in shareholders' equity.

Current tax is tax that is to be paid or received during the year in question applying the tax rates applicable on the balance sheet date; which includes adjustment of current tax attributable to previous periods.

Deferred tax is calculated according to the balance sheet method based on temporary differences between the carrying value of assets and liabilities and their value for tax purposes. The following temporary differences are not taken into account: temporary differences that arise in the initial reporting of goodwill, the initial reporting of assets and liabilities in a transaction other than a business combination and which, at the time of the transaction, do not affect either the recognised or taxable result, or temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The valuation of deferred tax is based on how the carrying values of assets or liabilities are expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax rules that have been set or essentially are set as of the balance sheet date.

Deferred tax assets from deductible temporary differences and tax-loss carryforwards are only recognised if it is likely they will be utilised within the foreseeable future. The value of deferred tax assets is reduced when it is no longer considered likely they can be utilised.

Shareholders' equity
Share repurchases and transaction expenses are recognised directly against equity. Dividends are recognised as a liability after they are approved by the Annual General Meeting.

Provisions
The Group applies IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

A provision is recognised in the balance sheet when the Group has a legal or informal obligation owing to an event that has occurred and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made. The carrying amount for the provision is based on an assessment of the most likely outcome, and can be calculated by weighing the various possible outcomes and multiplying this by their estimated probability. Where it is important when in time payment will be made, provisions are estimated by discounting the forecast future cash flow at a pre-tax interest rate that reflects current market estimates of the time value of money and, where appropriate, the risks associated with the liability.

A provision for restructuring is recognised when a detailed, formal restructuring plan has been established and the restructuring has either begun or been publicly announced. No provision is made for future operating expenses.

A provision for termination costs is recognised only if the persons in question have known or presumed to have expected to be terminated by the balance sheet date.

A provision is recognised for a loss-making contract when anticipated benefits that the Group expects to receive from a contract are less than the unavoidable costs to fulfil the obligations as set out in the contract.

A provision for dilapidation agreements on leased premises is recognised if there is a contractual obligation to the landlord to restore the premises to a certain condition when the lease expires.

Unidentified receipts and excess payments

The Group receives large volumes of payments from end-customers for itself and its clients. There are instances where the sender's reference information is missing or incorrect, which makes it difficult to allocate the payment to the right case. There are also situations where payments are received on closed cases. In such instances a reasonable search and attempt is made to contact the payment sender but, failing this, the payment is recognised as income after a certain interval. A provision is recognised in the balance sheet corresponding to the anticipated repayments of incorrectly received payments on a probability analysis.

Contingent liabilities

A contingent liability is recognised when there is a possible obligation that arises from past events and whose existence will be confirmed only by one or more uncertain future events or when there is an obligation that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required.

Impairment

The Group applies IAS 36 Impairment of Assets.

The carrying value of the Group's assets, with certain exceptions, is tested on each balance sheet date for any indication of impairment. IAS 36 is applied in the impairment testing of all assets except financial assets, which are valued in accordance with IAS 9, investment assets for pension liabilities, which are valued in accordance with IAS 19 Employee Benefits, and tax assets, which are valued in accordance with IAS 12 Income Taxes.

If there is any indication of impairment, the asset's recoverable value is estimated. For goodwill and other intangible assets with an indeterminate useful life and intangible assets not yet brought into use, recoverable values are calculated annually. If essentially independent cash flows cannot be isolated for individual assets, the assets are grouped at the lowest level where essentially independent cash flows can be identified, i.e., a cash-generating unit. Intrum's operations in each geographical region are considered to be the Group's cash-generating units in this regard.

Impairment is recognised when the carrying value of an asset or cash-generating unit exceeds its recoverable value. Impairment is recognised in the income statement. Impairment losses attributable to a cash-generating unit are mainly allocated to goodwill, after which they are divided proportionately among other assets in the unit.

The recoverable amount of cash-generating units is the higher of their fair value less costs to sell and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment of goodwill is not reversed. Impairment of other assets is reversed if a change has been made in the assumptions that served as the basis for determining the recoverable amount. Impairment is reversed only to the extent the carrying value of the assets following the reversal does not exceed the carrying value that the asset would have had if the impairment had not been recognised

Employee benefits

The Group applies IAS 19 Employee Benefits.

Pension obligations

The Group's pension obligations are, for the most part, secured through official pension arrangements or insurance solutions. Pension obligations vary between countries on the basis of legislation and different pension systems. See also Note 21 for a further description.

Defined contribution pension plans are plans where the Company's obligation is limited to the fees it has committed to pay. The size of the employee's pension depends in part on the fees the Company pays to an insurance company and in part on the return generated and actuarial factors. Consequently, it is the employee who assumes the investment risk and actuarial risk. The Company's obligations for defined contribution pension plans are expensed through the income statement as they are vested by employees who render services on behalf of the Company.

For defined benefit pension plans, the pension obligation does not cease until the agreed pensions have been paid. The Group's net obligation for defined benefit pension plans is calculated separately for each plan by estimating future compensation the employees has earned in current and previous periods; this compensation is discounted to its present value. The discount rate is the interest rate as per the balance sheet date on high-quality corporate bonds, including covered bonds, with a maturity that, if possible, corresponds to the Group's pension obligations. The calculation is performed by an actuary using the so-called Projected Unit Credit Method. The fair value of Intrum's share of any investment assets as of the balance sheet date is calculated as well. Actuarial gains and losses may arise in the determination of the present value of the obligation and the fair value of investment assets. They arise either because the actual outcome deviates from previous assumptions or the assumptions change. All changes in value associated with such changes in assumptions are recognised in other comprehensive income.

The balance sheet value of pensions and similar obligations is therefore equivalent to the present value on the balance sheet date less the fair value of assets under management.

Pension costs for service in the current period are reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items.

Pension obligations in Sweden that are met through pension insurance premiums to Alecta in the so-called ITP 2 plan are reported as defined contribution pension solutions.

Borrowing costs

The Group applies IAS 23 Borrowing Costs and IFRS 9 Financial Instruments.

Costs to secure bank financing are amortised across the term of the loan as financial expenses in the consolidated income statement by applying the effective interest method. The amount is recognised in the balance sheet as a deduction to the loan liability.

The Group capitalises borrowing costs in the cost of qualifying assets, that is, fixed assets for substantial amounts with long periods of completion. No such investments have yet commenced.

Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers.

Intrum's principal income derives from sales of collection services and from investments in portfolios of overdue receivables. Income from the collection services is reported in accordance with IFRS 15 and consists of collection fees, commissions, debtors' fees and subscription income. Income from investments in portfolios of overdue receivables is reported in accordance with IFRS 9 and consists of income from the portfolios, calculated according to the effective interest method, as well as positive and negative revaluations.

Revenue, consisting of commissions and collection fees, is recognised on collection of the claim. Subscription revenue is recognised proportionately over the term of the underlying service contracts, which is usually one year. Revenue from other services is reported when the service has been performed, at a particular point in time that is.

In addition to income from collection services and investments in portfolios of overdue receivables, Intrum has certain other income, the most important of which is income from property sales and income from property services. In addition, Intrum has certain smaller sources of income from, for example, payment guarantees, credit information sales, customer account management, consulting services, factoring operations and VAT recovery services.

Income from property sales refer mainly to sales of properties acquired together with portfolios of overdue receivables and properties pledged as collateral accruing to Intrum on the settlement of the claim. Income from property services is generated in a single country, where Intrum has companies that sell services to property owners, such as tenant administration, property valuations, key management and relocation of tenants.

Income from property sales and from property services are reported separately from other income in Note 2, as they are of greater importance in terms of their amounts than the smaller items in other income, and, where they are considered different from one another and from Intrum's other income with regard to their terms, nature and risk. These are not usually reported separately in interim reports, presentations to investors or internal reports to the CEO, however.

To a certain extent, Intrum owns properties that are to be sold within the ordinary course of business. The properties are usually acquired together with portfolios of overdue receivables, by taking possession of pledged assets or through acquisition at executive auction called for to liquidate pledged assets where Intrum is the creditor for the underlying receivable. The properties are reported as inventory assets applying the valuation rules in IAS 2.

Sales of properties constituting inventory assets are reported gross, that is, the sales amount received is recognised as income in the income statement, while the reported value of the property is reported as cost of goods sold.

Income from property sales is reported when the control passes to the buyer when the buyer gains access to the property.

Financial income and expenses

Financial income and expenses consist of interest income on bank balances and receivables and interest-bearing securities, bank fees, interest expenses on loans, dividend income, exchange rate differences, realised and unrealised gains on financial investments, and derivatives used in financial operations.

Payment guarantees

Intrum offers some of the Group's clients the opportunity, against payment, to obtain a guarantee from Intrum regarding the clients' receivables from their customers. The guarantee entails an undertaking by Intrum to acquire the receivable from the creditor at its nominal value, or a certain part thereof, once it has fallen overdue for payment by a certain number of days. The income, in the form of a guarantee fee, is recognised when the guarantees are issued, while a liability is recognised in the balance sheet for expected losses related to those guarantees. If the debtor fails to make payment, Intrum acquires the claim. The disbursement is then recognised as portfolio investments, less the liability recognised when the guarantee was issued.

Cash flow statement

The Group applies IAS 7 Cash Flow Statements.

The cash flow statement includes changes in the balance of liquid assets. The Group's liquid assets consist of cash and bank balances. Cash flow is divided into cash flows from operating activities, investing activities and financing activities.

Cash flow from investing activities includes only actual disbursements for investments during the year. Disbursements for the purchase of portfolios of overdue receivables are reported under cash flow from investing activities, while the collection and repayment of such portfolios are reported under cash flow from operating activities.

Foreign subsidiaries' transactions are translated in the cash flow statement at the average exchange rate for the period. Acquired and divested subsidiaries are recognised as cash flow from investing activities, net, after deducting liquid assets in the acquired or divested company.

Earnings per share

The Group applies IAS 33 Earnings per Share.

Earnings per share consist of net earnings for the year (attributable to the Parent Company's shareholders) divided by a weighted average number of outstanding shares during the year. In this context, treasury holdings of repurchased shares are not included in outstanding shares. With regard to treasury shares that may be reissued in the future to fulfil commitments under the incentive programme for company management, no dilution effect is calculated until the vesting requirements of the incentive programme have been met.

Segments

The Group applies IFRS 8 Operating Segments.

An operating segment is a part of the Group from which it can generate income and incur expenses and for which separate financial information is available. that is evaluated regularly by the chief operating decision maker, i.e. the CEO in deciding how to assess performance and allocate resources to the operating segment.

Intrum's operating segments are the geographical regions of Northern Europe (Denmark, Estonia, Latvia, Lithuania, Finland, Norway and Sweden), Central and Eastern Europe (Greece, Poland, Romania, Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria), Western and Southern Europe (Belgium, France, Ireland, Italy, the Netherlands and the UK), as well as the Iberian Peninsula and Latin America (Spain, Portugal and Brazil). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. The break-down by geographical region is also used for internal monitoring in the Group.

As of 2020, new operating segments will be applied: Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy and Spain).

Among other things, Note 2 details net revenue and operating earnings by geographic region. However, interest income, interest expenses, assets and liabilities are not reported by segment. This is not considered relevant because the distribution of financial items and parts of the balance sheet is dependent on Group structure and financing, which are not affected by the actual performance of the regions. Nor are actual reported interest income, interest expenses, assets and liabilities by segment included in any internal reporting to the CEO.

Parent Company's accounting principles

The Parent Company has prepared the Annual Report according to the Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities from the Swedish Financial Reporting Board. RFR 2 means that the Parent Company, in the annual report for the legal entity, must apply all EU-approved IFRS and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between reporting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

As of 2019, Intrum has made a new interpretation of the rules in RFR 2 Accounting legal entities, entailing the Parent Company's exchange rate differences attributable to the hedging of the Group's exchange rate risk in foreign operations no longer being reported under Other comprehensive income but under Net financial items in the Parent Company's income statement. Comparison figures for the preceding year were recalculated in the same way. The amended interpretation with regard to the Parent Company's accounting has no impact on the consolidated financial statements.

Differences between the Group's and Parent Company's accounting principles

The differences between the Group's and Parent Company's accounting principles are indicated below. The accounting principles for the Parent Company as stated below have been applied consistently to all periods presented in the Parent Company's financial statements.

Subsidiaries, associated companies and joint ventures

Shares in subsidiaries, associated companies and joint ventures are recognised by the Parent Company at cost, including transaction costs less any impairment. Only dividends received are recognised as income. Credit risks in the Parent Company's receivables from subsidiaries have been considered, showing no significant need for impairment.

Group contributions and shareholders' contributions for legal entities

The Company reports Group contributions and shareholders' contributions in accordance with statement RFR 2 of the Swedish Financial Reporting Board. Group contributions received are recognised as dividends and Group contributions paid are recognised as shareholders' contributions. Shareholders' contributions are recognised directly in the shareholders' equity of the recipient and capitalised in the shares and participating interests of the contributor, to the extent impairment is not required.

Other

The presentation format for the Parent Company's income statement and balance sheet follows the rules in the Annual Accounts Act, which deviate marginally from the consolidated presentation format in accordance with IFRS.

The accounting rules for leasing in accordance with IFRS 16 that are applied in the consolidated accounts are also applied in the Parent Company's accounts.

Intrum has also made a new interpretation of the rules in RFR 2 Accounting legal entities, entailing the Parent Company's exchange rate differences attributable to the hedging of the Group's exchange rate risk in foreign operations no longer being reported under Other comprehensive income but under Net financial items in the Parent Company's income statement. Comparison figures for the preceding year were recalculated in the same way. The amended interpretation with regard to the Parent Company's accounting has no impact on the consolidated financial statements.

Note 2 Information by geographical region and service line

Information by geographic region and service line

SEK M	Group 2019	Group 2018
Net revenues by geographical region from external		
Northern Europe	4,125	3,980
Central & Eastern Europe	4,862	3,790
Western & Southern Europe	3,519	2,564
Iberian Peninsula & Latin America	3,479	3,109
Total	**15,985**	**13,442**
Income from customers		
Northern Europe	2,683	2,650
Central & Eastern Europe	1,564	1,016
Western & Southern Europe	2,552	1,461
Iberian Peninsula & Latin America	2,569	2,113
Total	**9,368**	**7,240**
Income from portfolio investments in accordance with the effective interest method		
Northern Europe	1,428	1,330
Central & Eastern Europe	3,302	2,774
Western & Southern Europe	977	1,103
Iberian Peninsula & Latin America	910	995
Total	**6,617**	**6,202**
Total	15,985	13,442
Net revenues from external clients by country		
Spain	2,212	2,689
Norway	1,575	1,587
Italy	1,473	578
Hungary	1,434	1,197
Finland	1,061	1,026
Germany	940	857
France	940	1,019
Sweden	925	882
Other countries	5,425	3,606
Total	**15,985**	**13,442**
Intra-Group revenues by geographical region		
Northern Europe	360	336
Central & Eastern Europe	804	737
Western & Southern Europe	409	372
Iberian Peninsula & Latin America	312	267
Elimination	–1,885	–1,711
Total	**0**	**0**
Operating earnings by geographical region		
Northern Europe	1,206	1,294
Central & Eastern Europe	1,965	1,377
Western & Southern Europe	1,464	228
Iberian Peninsula & Latin America	–2,575	1,079
Total operating earnings	**2,060**	**3,978**
Net financial items	–1,921	–1,364
Profit before tax	**139**	**2,615**
Assets by country		
Norway	9,742	9,359
Spain	9,275	10,382
Italy	5,894	5,909
Germany	3,877	3,788
Greece	3,764	51
France	1,537	1,490
Finland	1,259	1,213
Other countries	5,990	5,484
Total	**41,338**	**37,674**

SEK M	Group 2019	Group 2018
Investments in tangible and intangible fixed assets		
Northern Europe	79	78
Central & Eastern Europe	72	65
Western & Southern Europe	36	74
Iberian Peninsula & Latin America	164	22
Group-wide/eliminations	176	56
Total	**527**	**296**
Amortisation/depreciation, impairment including goodwill		
Northern Europe	–228	–93
Central & Eastern Europe	–222	–97
Western & Southern Europe	–360	–94
Iberian Peninsula & Latin America	–3,354	–520
Group-wide/eliminations	–121	–96
Total	**–4,285**	**–900**
Goodwill impairment		
Iberian Peninsula & Latin America	–2,700	-
Total	**–2,700**	**–**
Not included in cash flow		
Northern Europe	69	–27
Central & Eastern Europe	106	–32
Western & Southern Europe	–1,215	–122
Iberian Peninsula & Latin America	62	–206
Group-wide/eliminations	–80	36
Total	**–1,058**	**–351**
Participations in associated companies		
Northern Europe	0	-
Central & Eastern Europe	0	-
Western & Southern Europe	1,248	106
Iberian Peninsula & Latin America	–69	-
Group-wide/eliminations	0	-
Total	**1,179**	**106**
Net revenues from external clients by service line		
Credit Management	9,368	7,240
Financial Services	6,617	6,202
Total	**15,985**	**13,442**
Net revenues by service line		
Credit Management	11,450	9,480
Financial Services	7,069	6,394
Elimination of inter-service line revenue	–2,534	–2,432
Total	**15,985**	**13,442**
Operating earnings by service line		
Credit Management	–415	2,433
Financial Services	4,961	3,600
Central expenses	–2,486	–2,055
Total	**2,060**	**3,978**

No individual customer is responsible for generating more than 4 percent of total consolidated revenue.

The distribution of revenues and earnings by geographical region is based on where clients are located.

The geographical regions are Northern Europe (Denmark, Estonia, Latvia, Lithuania, Finland, Norway and Sweden), Central & Eastern Europe (Greece, Poland, Romania, Switzerland, Slovakia, the Czech Republic, Germany, Hungary and Austria), Western & Southern Europe (Belgium, France, Ireland, Italy, the Netherlands and the UK) and Iberian Peninsula & Latin America (Spain, Portugal and Brasil). Central and joint expenses are spread across the geographical regions in proportion to their purchasing power parity-adjusted revenues. The break-down by geographical region is also used for internal monitoring in the Group.

Intra-Group sales between the regions are made on commercial terms. Internal transactions between the business areas Financial Services and

Credit Management Services relate to payment on commercial terms for work carried out within Credit Management regarding handling and collection of the Group's purchased debt. Payment is made in the form of a commission that is recognised as a cost within purchased debt, but which is eliminated in the Consolidated Income Statement.

Interest income and expenses are not reported by segment. This is not considered relevant because the distribution of financial items is dependent on Group structure and financing and is not affected by the actual performance of the regions. Nor are actual reported interest income and expenses by segment included in any internal reporting to the CEO.

Note 3 Revenue distribution

Income

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Income from customers				
Collection fees, commissions and debtor fees	7,152	5,741	-	-
Subscription income	68	67	-	-
Commission income from payment guarantees	25	9	-	-
Sale of properties	832	278		
Income from Group companies	0	0	380	215
Property services	577	547		
Other income	714	600	-	-
Total	**9,368**	**7,242**	**380**	**215**
Income from portfolio investments				
Collections on purchased debt	10,763	10,056	-	-
Amortisation of purchased debt	–4,174	–3,942	-	-
Revaluation purchased debt	28	88	-	-
Total income from portfolio investments	**6,617**	**6,202**	**0**	**0**
Total	**15,985**	**13,444**	**380**	**215**

Income from purchased debt consists of collected amounts less amortisation, i.e., the decrease in the portfolios' book value for the period.

Costs

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Personnel expenses	–3,781	–4,253	–127	–202
Amortisation/depreciation and impairment	–4,284	–900	–61	–5
Expenses for properties sold	–202	–95	-	-
Impairment property inventories	–18	–9	-	-
Other expenses	–4,119	–4,313	–629	–565
Total	**–12,404**	**–9,570**	**–818**	**–772**

Note 4 Amortisation and depreciation

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Capitalised expenditure for IT development	–427	–159	–56	–5
Client relationships	–780	–596	-	-
Other intangible fixed assets	–64	–54	–2	-
Computer hardware	–31	–31	–2	-
Other tangible fixed assets	–282	–60	–1	-
Goodwill impairment	–2,700	-	-	-
Total	**–4,284**	**–900**	**–61**	**–5**

Depreciation has been charged to each function as an operating expense as follows:

Costs

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Cost of sales	–1,057	–766	–6	–5
Goodwill depreciation	–2,700	-	-	-
Sales and marketing	–7	-	-	-
expenses	–520	–2	–56	-
Administrative expenses	-	–132	-	-
Total	**–4,284**	**–900**	**–61**	**–5**

Note 5 Participations in associated companies and joint ventures

	Group	
SEK M	2019	2018
Joint ventures		
Itacha Investment DAC (Ireland)	1,247	106
Northwind Finco SL (Spain)	–68	-
Total participations in earnings	**1,179**	**106**

Note 6 Financial income

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Interest income from Group companies	-	-	1,243	1,004
Other interest income	63	60	55	13
Dividends from Group companies	-	-	216	195
Group contributions received from Group companies	-	-	965	2,968
Gain on disposal of participations in Group companies	-	-	-	1,646
Total	**63**	**60**	**2,479**	**5,826**

All interest income is attributable to items that are not carried at fair value in the income statement.

Operating earnings in accordance with the effective interest rate method include interest income attributable to portfolio investments amounting to SEK 6,589 M (6,114), defined as the difference between the year's collected amount and amortisation for the year.

Amortisation comprises the portion of the cost of the portfolio that, owing to allocation under the effective interest method, accrues over the current year.

Note 7 Financial expenses

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Interest expenses to Group companies	-	-	–128	–154
Other interest expenses	–1,686	–1,428	–1,793	–1,376
Translation differences	18	19	–578	740
Expensed shareholder contributions to subsidiaries	–43	-	-	–1,800
Gain on disposal of participations in Group companies	-	-	–205	-
Other financial expenses	–273	–14	–141	–13
Total	**–1,984**	**–1,423**	**–2,845**	**–2,603**

All interest expenses pertain to items not carried at fair value via the income statement.

Exchange rate differences from accounts receivable and accounts payable are reported in operating earnings. The amounts were negligible.

Other financial expences includes –252 SEK M (0) related to early redemption of bonds and credit facilities

Note 8 Taxes

The tax expense for the year breaks down as follows:

	Group	
SEK M	2019	2018
Current tax		
Tax expense attributable to net earnings for the year	–594	–429
Tax attributable to previous years	–6	–58
Deferred tax		
Deferred tax related to temporary differences	–200	–127
Deferred tax expense attributable to net of previously capitalised and non-capitalised tax value in tax-loss carryforwards	375	15
Total tax expense	**–424**	**–599**

No tax is recognised for capital gains.

The Group has operations in more than 20 countries in Europe, with various tax rates. The current tax expense for the year relates mainly to income taxes in Finland, Greece, Italy, the Netherlands, Switzerland, the Czech Republic, Germany and Hungary. The Group's Swedish companies paid no income tax for the relevant year as they were able to utilise tax-loss carryforwards from historic losses, as well as from the loss for the year attributable to interest expenses and exchange rate losses. Intrum AB is seated in Sweden where the nominal corporate tax rate is 21.4 percent. The following reconciliation explains the difference between the Group's actual tax cost and the expected tax cost taking the Swedish corporate tax rate into account:

Group	2019		2018	
Reconciliation of effective tax rate	SEK M	%	SEK M	%
Profit before tax	139		2,615	
Income tax calculated at standard rate in Sweden, 21.4 percent	**–29.7**	**21.4**	**–575**	**22.0**
Effect of different tax rates in other countries	–115	82.8	121	–4.6
Tax effect of tax-exempt income and non-deductible expenses	–561	404.5	–48	1.8
Unrecognised tax assets pertaining to tax-loss carryforwards	–70	50.3	–82	3.1
Utilised previously unrecognised tax assets pertaining to tax-loss carryforwards	375	–270.6	14	–0.5
Adjustments to previous years and other	–24	17.3	–29	1.1
Total tax on net earnings for the year	**–424**	**305.7**	**–599**	**22.9**

Non-deductible costs are mainly attributable to goodwill impairment in Iberian Peninsula & Latin America.

Unrecognised tax assets regarding tax-loss carryforwards relate to the negative tax effect during the year attributable to losses in countries where no deferred tax asset is recognised because it is not probable that enough taxable surplus will arise within the foreseeable future. Utilised previously unrecognised tax assets pertaining to tax-loss carryforwards relate to the positive tax effect over the year arising through the utilisation of tax-loss carryforwards never previously recognised as deferred tax assets.

When differences arise between the tax value and carrying value of assets and liabilities, a deferred tax asset or tax liability is recognised. Such temporary differences mainly arise for portfolio investments, provisions for pensions and intangible assets. Deferred tax assets include the value of tax-loss carryforwards in the instances where they are likely to be utilised to offset taxable surpluses within the foreseeable future.

Group	2019		2018	
SEK M	Asset/ liability	Income/ expense	Asset/ liability	Income/ expense
Portfolio investments	–1,538		–1,509	
Intangible assets	–288		–558	
Tax-loss carryforwards	1,193		935	
Provisions for pensions	49		17	
Other	–54		6	
Total	**–638**	**176**	**–1,109**	**–112**
Deferred tax assets	1,300		620	
Deferred tax liabilities	–1,938		–1,729	
Total	**–638**	**176**	**–1,109**	**–112**

The deferred tax assets and income tax liabilities are expected to be due for payment in over one year. Deferred tax assets are reported in the balance sheet, when it is expected to be possible to offset the loss carryforwards against taxable profits within the foreseeable future. Deferred tax assets and liabilities are reported net if they relate to the same tax authority or are planned to be utilised simultaneously.

Intrum has reported net income in a foreign subsidiary in accordance with the so-called CFC taxation of earnings in foreign subsidiaries with low taxed income in the Swedish income tax returns. Income recognition has been based on accounting in accordance with Swiss law and a deferred tax liability has been recognised, attributable to temporary differences in the accounting period, which also affected the income statement . The income recognition will be adjusted in accordance with Swedish accounting rules, entailing a reduction in deferred tax liabilities for portfolio investments, which will partly be offset by loss carryforwards and an increased current tax liability.

The Group has tax-loss carryforwards that can be utilised against future taxable surpluses totalling SEK 5.952 M (6.293).

Deferred tax assets related to loss carryforwards amounted to SEK 1,193 M at 31 December 2019 and include SEK 854 M in Sweden, SEK 163 M in Norway, SEK 68 M in Spain, SEK 38 M in the Netherlands, SEK 36 M in Italy, SEK 18 M in the UK and SEK 15 M in Austria.

As a consequence of the costs for the head office expenses and financing costs, the Parent Company has for several years incurred a tax deficit, even when taking in to account the Group contributions received from the profitable companies conducting business in Sweden. In accordance with CFC taxation and investments in profit participating notes in foreign subsidiaries liable for taxation in Sweden, the assessment is that the loss carryforwards can be utilised.

Loss carryforwards for which no deferred tax assets are reported relate primarily to the UK with SEK 461 M, Denmark with SEK 44 M, Sweden with SEK 44 M and Italy with SEK 21 M.

Tax expenses reported in other comprehensive income during the year amounted to SEK 174 M (79), of which SEK 175 M (81) pertained to currency hedging and SEK –5 M (–2) pertained to revaluations of pension provisions. The tax effect of implementing the new accounting principle/IFRIC 23 was SEK –154 M and is reported directly against shareholders' equity.

Parent Company	2019		2018	
Reconciliation of Parent Company tax rate	SEK M	%	SEK M	%
Loss after financial items	–783		1,666	
Income tax calculated at standard rate in Sweden, 21.4 percent	**167**	**21.4**	**–367**	**22.0**
Tax effect of tax-exempt income and non-deductible expenses	–72	–9.2	176	–10.5
Utilised previously unrecognised tax assets pertaining to tax-loss carryforwards			0	0.0
Total tax on net earnings for the year	**96**	**12.2**	**–191**	**11.4**

Non-taxable income and non-deductible expenses in the Parent Company consist primarily of dividends from subsidiaries, as well as gains on disposals of shares. At the end of the year, the Parent Company had accumulated loss carryforwards of SEK 487 M (68). To the extent that it is expected to be possible to utilise them against future taxable surpluses, deferred tax assets are reported for these loss carryforwards in the amount of SEK 104 M (8).

Note 9 Earnings per share

SEK M	Group 2019	Group 2018
Net earnings for the year attributable to Parent Company's shareholders, continuing operations (SEK M)	–362	2,009
Net earnings for the year attributable to Parent Company's shareholders, discontinued operations (SEK M)	–	–73
Net earnings for the year attributable to Parent Company's shareholders, total (SEK M)	**–362**	**1,936**
Number of shares at beginning of year	131,291,320	131,541,320
Share repurchases	–350,000	–250,000
Number of shares at end of year	**130,941,320**	**131,291,320**
Weighted average no. of shares during the year before and after dilution	131,065,782	131,390,632
Earnings per share before and after dilution:		
Earnings from continuing operations (SEK)	–2.76	14.73
Earnings from discontinued operations (SEK)	0.00	–0.56
Total earnings per share before and after dilution (SEK)	**–2.76**	**14.18**

There are no instruments outstanding that could lead to dilution.

Note 10 Intangible fixed assets

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Goodwill				
Acquisition cost, opening balance	33,055	29,565	-	-
Acquisitions for the year	2,414	2,235	-	-
Impairment for the year	–2,700	-	-	-
Adjustment PPA		177	-	-
Reclassification	–165	0	-	-
Translation differences	754	1,078	-	-
Carrying values, closing balance	**33,358**	**33,055**	**-**	**-**
Capitalised expenditure for IT development				
Acquisition cost, opening balance	1,658	1,455	67	31
Capitalised expenditures for the year	332	190	139	36
Disposals	–95	–47	0	0
Reclassification	0	0	0	0
Purchased via acquisition	256	-	-	-
Translation differences	27	60	-	-
Accumulated acquisition cost, closing balance	**2,178**	**1,658**	**206**	**67**
Amortisation/depreciation, opening balance	–1,242	–1,091	–10	–5
Discontinued operations	0	0	-	-
Disposals	95	14	-	-
Reclassification	0	0	-	-
Amortisation/depreciation for the year	–420	–159	–56	–5
Translation differences	–23	–6	-	-
Accumulated impairment, closing balance	**–1,545**	**–1,242**	**–66**	**–10**
Impairments, opening balance	–23	–23	–16	–16
Impairments for the year	0	0	-	-
Disposals	0	0	-	-
Translation differences	0	0	-	-
Accumulated impairment, closing balance	**–23**	**–23**	**–16**	**–16**
Planned residual value, closing balance	**611**	**393**	**124**	**41**

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Client relationships				
Acquisition cost, opening balance	5,209	3,954	-	-
Investments	90	10	-	-
Capitalised expenditures for the year	0	-	-	-
Disposals	0	-979	-	-
Reclassification	165	0	-	-
Purchased via acquisition	2,896	2,059	-	-
Translation differences	56	165	-	-
Amortisation/depreciation, closing balance	**8,416**	**5,209**	**0**	**0**
Amortisation/depreciation, opening balance	–1,539	–1,251	-	-
Disposals	0	359	-	-
Reclassification	0	1	-	-
Amortisation/depreciation for the year	–780	–594	-	-
Translation differences	–18	–54	-	-
Amortisation/depreciation, closing balance	**–2,337**	**–1,539**	**0**	**0**
Planned residual value, closing balance	**6,079**	**3,670**		
Other intangible fixed assets				
Acquisition cost, opening balance	379	338	3	0
Discontinued operations	0	0	-	-
Capitalised expenditures for the year	15	22	16	3
Disposals	–16	0	-	-
Reclassification	0	0	-	-
Purchased via acquisition	170		-	-
Translation differences	11	19	-	-
Accumulated acquisition cost, closing balance	**559**	**379**	**19**	**3**
Amortisation/depreciation, opening balance	–312	–253	0	-
Discontinued operations	0	10		
Disposals	24	0	-	-
Reclassification	0	0	-	-
Amortisation/depreciation for the year	–64	–54	–2	0
Translation differences	–11	–15	-	-
Accumulated impairment, closing balance	**–363**	**–312**	**–2**	**0**
Impairments, opening balance	–4	–4	-	-
Impairments for the year	0	0	-	-
Accumulated impairment, closing balance	**–4**	**–4**	**0**	**0**
Planned residual value, closing balance	**192**	**63**	**17**	**3**

Goodwill

MSEK	2019	2018
Northern Europe	12,544	12,223
Central & Eastern Europe	7,005	5,486
Western & Southern Europe	6,249	6,229
Iberian Peninsula & Latin America	7,559	9,117
Total	**33,357**	**33,055**

Impairment testing of goodwill for each cash-generating unit was done prior to preparation of the annual accounts. The recoverable amount is determined through an estimation of its value in use. For each cash-generating unit, management has compiled a projection of annual future cash flows based on historical experience and the Company's own plans and estimates for the future. The calculation is generally based on a detailed forecast for the years 2020–2022 and thereafter an annual increase of 1 percent. Exceptions are for Iberian Peninsula & Latin America where the assumption for the period after 2022 is an everlasting growth in cash flows that are essentially unchanged.

The cash flows have been discounted to present value applying the Group's weighted average cost of capital, which is estimated at 6.0 percent (6.2) per year before tax, corresponding to 4.2 percent (4.8) per year after tax.

The recoverable amount has been compared for each unit with the Group's net book value of the unit's assets and liabilities.

Impairment testing is based on a number of assumptions, where the outcome is judged to be most sensitive to some of those assumptions in particular: For 2021, annual revenue growth of 4 percent (4) is assumed, and for 2022, 4 percent (1), with each SEK 1,000 in increased revenue being assumed to result in an increase in working capital of SEK 250 (250), that is, an "incremental increase in earnings" of 25 percent (25). For the period after 2022, perpetual growth in cash flow of 1 percent (1) annually is assumed. Most of the assumptions were applied for all four geographical regions. The same discount rates were also applied, since no significant long-term difference can be identified between the regions' growth potential or risk.

With these assumptions, it was necessary to impair goodwill attributable to the Iberian Peninsula and Latin America region by approximately SEK 2.7 billion as a consequence of challenges in Spain and lower earnings levels compared to previous periods with other market conditions. There is no need for impairment for the other three regions.

Sensitivity analysis

A sensitivity analysis has been performed, in which cash flows have been discounted at 6 percent interest after tax. With this assumption, it was necessary to impair goodwill attributable to the Iberian Peninsula and Latin America region by approximately SEK 3 billion, in addition to the aforementioned approximately SEK 2.7 billion, and Western and Southern Europe approximately SEK 1.8 billion.

Note 11 Tangible fixed assets

		Group	Parent Company	
SEK M	2019	2018	2019	2018
Property investments				
Acquisition cost, opening balance	256	0	-	-
Purchased via acquisition	-	256	-	-
Sales and disposals	-256	-	-	-
Accumulated acquisition cost, closing balance	**0**	**256**	**-**	**-**
Computer hardware				
Acquisition cost, opening balance	328	322	6	1
Investments for the year	42	24	9	5
Sales and disposals	-78	-5	-	-
Reclassification	3	-27	-	-
Purchased via acquisition	-	0	-	-
Divested through business sales	-	-	-	-
Translation differences	6	14	-	-
Accumulated acquisition cost, closing balance	**301**	**328**	**15**	**6**
Amortisation/depreciation, opening balance	-272	-264	-1	-1
Sales and disposals	63	7	-	-
Reclassification	-2	27	-	-
Purchased via acquisition	-	0	-	-
Divested through business sales	-	0	-	-
Amortisation/depreciation for the year	-31	-30	-2	-
Translation differences	-5	-12	-	-
Amortisation/depreciation, closing balance	**-247**	**-272**	**-3**	**-1**
Planned residual value, closing balance	**54**	**56**	**12**	**5**
Other equipment				
Acquisition cost, opening balance	594	530	-	-
Discontinued operations	-	-1	-	-
Investments for the year	48	53	-	-
Sales and disposals	-75	-14	-	-
Reclassification	-8	0	-	-
Purchased via acquisition	21	5	-	-
Divested through business sales	-	0	-	-
Translation differences	10	21	-	-
Accumulated acquisition cost, closing balance	**590**	**594**	**0**	**0**
Amortisation/depreciation, opening balance	-413	-343	-	-
Discontinued operations	-	-4	-	
Sales and disposals	55	10	-	-
Reclassification	2	0	-	-
Purchased via acquisition	-15	0	-	-
Divested through business sales	-	0	-	-
Amortisation/depreciation for the year	-53	-60	-	0
Translation differences	-8	-16	-	-
Amortisation/depreciation, closing balance	**-432**	**-413**	**0**	**-**
Planned residual value, closing balance	**158**	**181**	**0**	**0**

Disbursements during the year regarding investments in tangible fixed assets for the Group amounted to SEK 452 M (74)

Note 12 Group companies

SEK M	No. of shares	2019	2018
Intrum Brasil Consultoria e Participaçoes, S.A	729	37	37
Intrum A/S, Denmark	40	377	188
Intrum Estonia AS, Estonia	430	1	1
Intrum Finans AB	66,050,000	75	75
Intrum Oy, Finland	14,000	1,649	1,649
Intrum SAS, France	5,000	345	345
Intrum Holding Greece AE	24,000	21	0
Intrum Global Technologies SIA, Latvia	2,000	0	0
Intrum BV, Netherlands	40	377	377
Intrum Portugal Unipessoal Lda.	68,585	71	71
Intrum AG, Switzerland	7,000	942	942
Intrum Justitia Ibérica S.A.U., Spain	600.000	107	32
Intrum Holding Spain S.A.U. Spain	3,314,468	3,067	0
Intrum UK Group Ltd, UK	88,100,002	0	0
Intrum Sverige AB, Sweden	22,000	1,749	1,749
Intrum International AB, Sweden	1,000	601	601
Intrum Financial Services GmbH	0	0	36
Intrum Austria GmbH	72,673	37	37
Intrum Spzoo, Poland	40,000	0	0
Intrum Romania SA, Romania	39	26	16
Intrum Financial IFN SA	3,000,000	30	30
Lock TopCo AS, Norway	861,952,839	24,625	24,626
Total carrying value		**34,137**	**30,812**

	2019	2018
Opening balances	30,812	25,777
Acquisition	3,503	67
Capital contributions paid	295	5,254
Impairment of shares in subsidiaries	-437	0
Disposal	-36	-286
Closing balance	**34,137**	**30,812**

Disposals in 2018 refer to acquisitions of shares in Intrum Brasil Consultoria e Participaçoes, S.A, Brazil, Intrum Holding Greece AE, Greece and Intrum Financial IFN SA, Romania.

Disposals in 2019 refer to acquisitions of shares in Fair Pay Please AS, Norway (divested to the Lowell Group, as part of the compensation required as a condition of the Lindorff Group merger) and Intrum Justitia SpA, Italy (divested to Intrum Italy Holding srl).

Disposals in 2019 refer to disposals of shares in Intrum Financial Services GmbH (divested by Intrum Finanzholding Deutschland GmbH, owned by Intrum Holding AB).

Acquisitions of shares in subsidiaries in 2019 refer to the acquisition of shares in Intrum Holding Spain S.A.U. Spain and Intrum Spzoo, Poland (both acquired from Intrum Holding AB).

The Parent Company of the Group is Intrum AB (publ) with corporate identity number 556607-7581 and domiciled in Stockholm. The Group's subsidiaries are listed below.

	Corp. identity no.	Domicile	Share of capital
Subsidiaries of Intrum AB (publ) and their subsidiaries in the same country			
Brazil			
Intrum Brasil Consultoria e Participaçoes, S.A. (formerly Iplatform Consultoria e Paricipaçoes, S.A.)	29.063.190	São Paulo	51%
Denmark			
Intrum A/S	DK 10613779	Copenhagen	100%
Estonia			
Intrum Estonia AS	10036074	Tallinn	100%
Finland			
Intrum Oy	FI14702468	Helsinki	100%
Intrum Rahoitus Oy	FI25086904	Helsinki	100%
France			
Intrum SAS	B322 760 497	Lyon	100%
Intrum Corporate SAS	B797 546 769	Lyon	100%
Socogestion SAS	B414 613 539	Lyon	100%
Cabinet PPN SAS	B380 637 405	Vernon	100%
Intractive SAS	B431 312 677	Lille Métropole	100%
Greece			
Intrum Holding Greece AE	800914045	Greece	100%
Latvia			
SIA Intrum Global Technologies	40103314641	Riga	100%
Netherlands			
Intrum BV	33.273.472	Amsterdam	100%
Norway			
Lock TopCo AS	913,852,508	Oslo	100%
Poland			
Intrum Spzoo	5212885709	Warsaw	100%
Intrum K & WKP SK	000270515	Wroclaw	99%
Intrum Detektyw Spzoo	0000223801	Wroclaw	100%
Intrum Service Spzoo	0000364126	Wroclaw	100%
Portugal			
Intrum Portugal Unipessoal Lda.	503,933,180	Lisbon	100%
Intrum Real Estate Management Portugal SA	514,167,041	Lisbon	100%
Romania			
Intrum Romania SA	18496757	Bucharest	100%
Intrum Financial IFN SA	39041618	Bucharest	100%
Switzerland			
Intrum AG	CH-020.3.020.656-9	Zurich	100%
Inkasso Med AG	CH-020.3.913.313-8	Zurich	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Finance Service AG	CH-020.3.912.665-1	Zurich	100%
Intrum Brugg AG	CH-400.3.023.076-0	Brugg	100%
Spain			
Intrum Justitia Ibérica S.A.U.	A28923712	Madrid	100%
Segestion Gabinete Tecnico Empresarial, S.L	B61210696	Madrid	100%
Seguridad en la gestión, S.L	B58182973	Madrid	100%
Intrum Holding Spain SAU	A86128147	Madrid	100%
Intrum Servicing SAU	A85582377	Madrid	100%
Intrum Spain Real Estate S.L.U.	B88174131	Madrid	100%
Lindorff Iberia Holding SLU	B87523262	Madrid	100%
Aktua Soluciones Financieras Holdings SL	B86538279	Madrid	85%
Aktua Soluciones Financieras SL	B84983956	Madrid	100%
Aktua Soluciones Immobiliaras SLU	B50509447	Madrid	100%
Solvia Servicios Inmobilarios SL	B62718549	Madrid	80%
UK			
Intrum UK Group Ltd	03515447	Reigate	100%
Intrum UK Holdings 2 Ltd	01356148	Reigate	100%
Intrum UK 2 Ltd	01918920	Reigate	100%
Intrum UK Funding Ltd	05265651	Reigate	100%
Intrum UK Acquisitions Ltd	05265652	Reigate	100%
Intrum UK Holdings Ltd	04325074	Reigate	100%
Intrum UK Ltd	03752940	Reigate	100%
Intrum UK Finance Ltd	04140507	Reigate	100%
Intrum UK Finance 6 Ltd	07694793	Reigate	100%
Intrum UK Finance 7 Ltd	07694791	Reigate	100%
Intrum UK Finance 8 Ltd	07694764	Reigate	100%
Intrum UK Finance 9 Ltd	08149397	Reigate	100%
Sweden			
Intrum Sverige AB	556134-1248	Stockholm	100%
Intrum Intl AB	556570-1181	Stockholm	100%
Intrum Finans AB	556885-5265	Stockholm	100%
Austria			
Intrum Austria GmbH	FN 48800s	Vienna	100%
Subsidiaries of Intrum Sverige AB and their subsidiaries in the same country			
Luxembourg			
Intrum Luxembourg sarl	B 183336	Luxembourg	100%
Sweden			
Intrum Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Shared Services AB	556992-4318	Stockholm	100%
Subsidiaries of Intrum Intl AB and their subsidiaries in the same country			
Mauritius			
Intrum Mauritius Ltd	127206	Port Louis	100%

	Corp. identity no.	Domicile	Share of capital
Switzerland			
Intrum Debt Finance AG	CH-020.3.020.910-7	Zug	100%
Intrum Debt Finance Domestic AG	CH-170.3.026.065-5	Zug	100%
Intrum Licensing AG	CH-020.3.926.747-8	Zug	100%
Sweden			
Fair Pay Management AB	556239-1655	Stockholm	100%
Fair Pay Please AB	556259-8606	Stockholm	100%
Subsidiaries of Intrum Debt Finance AG and their subsidiaries in the same country			
Luxembourg			
LDF65 S.a r.l.	B 134749	Luxembourg	100%
IDF Luxembourg S.a r.l.	B188 281	Luxembourg	100%
Poland			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	108-00-01-076	Warsaw	100%
Intrum Justitia Debt Fund 1 Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny	108-00-01-900	Warsaw	100%
Lindorff I NSFIZ	RFI 752	Wroclaw	100%
Subsidiaries of Fair Pay Please AB and their subsidiaries in the same country			
Belgium			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners N.V	BE 0466643442	Ghent	100%
Subsidiaries of Intrum BV and their subsidiaries in the same country			
France			
FCT IJ Invest SAS	—	—	100%
Ireland			
Intrum Ireland Ltd	175808	Dublin	100%
Netherlands			
Intrum Justitia Data Centre BV	27.306.188	Amsterdam	100%
Slovakia			
Intrum Slovakia s. r. o.	35,831,154	Bratislava	100%
Czech Republic			
Intrum Czech s.r.o.	27221971	Prague	100%
Hungary			
Lakóingatlan-Forgalmazó Kft	01-09-268230	Budapest	100%
Intrum Justitia Zrt.	01-10-044857	Budapest	100%
Intrum Justitia ASC Kft	01-09-298952	Budapest	100%
Intrum Hitel Zrt.	01-10-045485	Budapest	100%
Subsidiaries of Fair Pay Management AB and their subsidiaries in the same country			
Sweden			
Intrum Invest AB	556786-4854	Varberg	100%
Subsidiaries of Intrum Spzoo and their subsidiaries in the same country			
Sweden			
Intrum Holding AB	556723-5956	Stockholm	100%
Subsidiaries of Intrum Holding AB and their subsidiaries in the same country			
Cyprus			
Casus Management Ltd	HE 310705	Nicosia	100%
Subsidiaries of Intrum Holding Spain SAU and their subsidiaries in the same country			
Colombia			
Intrum Colombia SAS	900965120	Bogota	100%
Greece			
Intrum Hellas A.E.D.A.D.P.	801215902	Greece	80%
Greece Alternative REO Solutions Single Member SA.	801212579	Greece	80%
Sweden			
Indif AB	556733-9915	Stockholm	100%

	Corp. identity no.	Domicile	Share of capital
Subsidiary of Indif AB			
Sweden			
Intrum Holding AB	556723-5956	Stockholm	100%
Subsidiaries of Intrum Holding AB and their subsidiaries in the same country			
Finland			
Lindorff Finland Oy	1858518-2	Helsinki	100%
Ireland			
Intrum Investment No 1 DAC	584295	Dublin	100%
Intrum Hellas DAC	613412	Dublin	100%
Intrum Hellas 2 DAC	626396	Dublin	100%
FAR Red Investment No 2 Designated Activity Comp	590912	Dublin	100%
FAR Red Investment No 3 Designated Activity Comp	590795	Dublin	100%
Italy			
LSF West Srl	09409950962	Milan	100%
Intrum Italy Holding Srl	08724660967	Milan	100%
Cross Factor SPA	09490900157	Milan	100%
Isabel SPV Srl	04614020263	Milan	100%
Intrum Italy Spa	10311000961	Milan	51%
FT Real Estate Srl	09421851008	Rome	100%
Alicudi SPV srl	04703580268	Conegliano Veneto (TV)	100%
Latvia			
Intrum Latvia SIA	40203088409	Riga	100%
Lithuania			
Intrum Lietuva UAB	304615887	Vilnius	100%
Intrum Global Business Services UAB	303,326,659	Vilnius	100%
Netherlands			
Intrum Nederland Holding BV	08178741	Amsterdam	100%
Intrum Nederland BV	05025428	Amsterdam	100%
Mirus International BV	30150149	Amsterdam	100%
Marjoc I BV	08203108	Ede	100%
Norway			
Lindorff Holding Norway AS	992,984,899	Oslo	100%
Lindorff AS	835,302,202	Oslo	100%
Lindorff Obligations AS	945,153,547	Oslo	100%
Poland			
Intrum Global Technologies Spzoo	0000654943	Wroclaw	100%
Sweden			
Intrum Holding 2 AB	556664-5460	Gothenburg	100%
Lindorff International AB	559077-1274	Stockholm	100%
Germany			
Intrum Finanzholding Deutschland GmbH	HRB 87998	Heppen-heim	100%
Intrum Holding Deutschland GmbH	HRB 88008	Heppen-heim	100%
Intrum Deutschland GmbH	HRB 87484	Heppen-heim	100%
DMV Debitorenmgt.– und Verwaltungsgesellschaft mbH	HRB 81939	Hamburg	100%
HIT Hanseatische Inkasso-Treuhand GmbH	HRB 52053	Hamburg	100%
AssetGate GmbH	HRB 29415	Essen	100%
Intrum Financial Services GmbH	HRB 4709	Darmstadt	100%
Intrum Justitia Bankenservices GmbH	HRB 5345	Darmstadt	100%
Intrum Information Services Deutschland GmbH	HRB 85778	Darmstadt	100%
Subsidiaries of Lindorff Investment DAC No 1 and their subsidiaries in the same country			
Locairol ITG, S.L.U.	B87882528	Madrid	100%
Venira ITG, S.L.U.	B88001128	Madrid	100%
Subsidiaries of Intrum Holding 2 AB and their subsidiaries in the same country			
Lindorff Capital AS	958.422.830	Oslo	100%

	Corp. identity no.	Domicile	Share of capital
Companies without a shareholding that are consolidated on the basis of contractual controlling interest			
Italy			
IJ DF Italy Srl	08438930961	Milan	100%
Subsidiaries that are not consolidated but that are included in Note 13 Shares and participations in joint ventures			
Ithaca Investment DAC	636421	Dublin	80%
Penelope SPV S.R.L.	4934510266	Conegliano Veneto (TV)	20.9%
Savoy Reoco S.R.L.	4949060265	Conegliano	0%
Northwind Investments Holdings, S.L.U.	B88213012	Madrid	50%
Northwind Finco, S.L.	B88250774	Madrid	40%
Global Zappa, S.L.U.	B88208822	Madrid	40%

Subsidiaries in which the Company has holdings without a controlling interest (minority interests)

	Minority interest in equity		Minority interests in earnings	
SEK M	2019	2018	2019	2018
Inkasso Med AG, Switzerland	4	4	0	0
Intrum Brasil Consultoria e Participaçoes, S.A	6	7	-1	-3
Intrum Italy SPA	1,963	1,136	94	15
CAF Spa	0	660	0	0
Gextra Srl	0	25	-23	-5
Northwind Finco, S.L.	0	174	-1	0
Solvia Servicios Inmobilarios SL	361	0	-27	0
Intrum Hellas A.F.D.A.D.P	544	0	34	0
Greece Alternative REO Solutions Single Member SA.	1	0	1	0
Total	**2,879**	**2,006**	**77**	**7**

Ärztekasse Genossenschaft Urdorf is a minority shareholder in Inkasso Med AG.

Private individual Lucilla Ines Tchira holds 49 percent of the shares in Intrum Brasil Consultoria e Participaçoes, S.A.

Intesa Sanpaolo SpA is a minority shareholder in Intrum Italy SpA, holding 49 percent of the shares in that company. (CAF SpA and Gextra SrL, in which Intesa Sanpaulo SpA holds 49 percent of the shares, merged with Intrum Italy SpA in 2019).

Northwind Finco, S.L. is no longer a subsidiary with minority ownership since 50 percent of the shares were sold to Solitare LB DAC (Napier Park Global) during the year.

Banco Sabadell is a minority shareholder in Solvia Servicios Inmobilarios SL, holding 20 percent of the shares in this company.

Piraeus Bank is a minority shareholder in Intrum Hellas A.E.D.A.D.P., holding 20 percent of the shares in this company.

Piraeus Bank is a minority shareholder in Greece Alternative REO Solutions Single Member SA., holding 20 percent of the shares in this company.

In addition, Banco Santander holds 15 percent of the shares in Aktua Soluciones Financieras Holdings SL, which is not, however, reported as non-controlling interest, but as a long-term liability to Santander, as there are mutual buy and sell options between the owners that Intrum assumed would be utilised.

Note 13 Associated companies and joint ventures

	Koncernen	
MSEK	2019	2018
Joint venture		
Ithaca Investment Designated Activity Company, Dublin	6,245	4,746
Northwind Investments Holdings, S.L.U.	294	-
Summa joint ventures	**6,539**	**4,746**

Ithaca Investment DAC

Since 2018, Intrum has held profit participating notes corresponding to 80 percent of the capital in Ithaca Investment DAC. The company is subject, by agreement, to controlling influence shared by Intrum and CarVal Investors. Ithaca Investment DAC invests in junior notes and mezzanine loans issued by the Italian company Penelope SPV S.R.L., corresponding to 51 percent of the capital in Penelope SPV. Penelope has invested in overdue receivables acquired from Banca Intesa Sanpaolo in 2018. Penelope also controls property company, Savoy Reoco S.R.L., which assumes control of seized collateral in the form of properties. Summary financial information on a 100 percent basis for Ithaca Investment DAC including the consolidated companies Penelope SPV S.R.L. and Savoy Reoco S.R.L:

Ithaca Investment DAC and Penelope SPV S.R.L
Income statement

SEK M	2019	2018
Total revenues	4,537	379
Operating earnings (EBIT)	**3,643**	**308**
Net financial items	-942	–75
Profit before tax	**2,701**	**233**
Taxes	0	0
Earnings for the period	**2,701**	**233**
Of which, attributable to:		
Parent Company's shareholders	1,593	132
Non-controlling interests	1,109	101
Earnings for the period	**2,701**	**233**

Balance sheet

SEK M	2019	2018
Assets		
Other fixed assets		
Portfolio investments	26,475	27,031
Current assets		
Property holdings	82	73
Other receivables	513	137
Prepaid expenses and accrued income	305	43
Cash and bank balances	1,584	1,096
Total assets	**28,959**	**28,380**
Shareholders' equity and liabilities		
Attributable to Parent Company's shareholders	1,676	135
Attributable to non-controlling interests	1,196	98
Total shareholders' equity	**2,872**	**234**
Interest-bearing liabilities	25,290	27,962
Current liabilities	206	78
Accrued income	592	107
Total shareholders' equity and liabilities	**28,959**	**28,380**

Northwind Investments Holding

Northwind refers to the Property Investment shares Intrum acquired from Ibercaja Banco SA at the end of 2018. Due to the divestment of shares to a co-investor during the first quarter of 2019 the shares are subsequently reported as a joint venture.

Note 14 Purchased debt

SEK M	Group 2019	2018
Acquisition cost, opening balance	44,216	35,775
Effect before tax of amended accounting principle in accordance with IFRS 9		56
Purchased Debt	7,323	6,882
Sales and disposals		-65
Translation differences	1,080	1,568
Accumulated acquisition cost, closing balance	**52,619**	**44,216**
Amortisation, opening balance	–19,386	-14,626
Amortisations and revaluations for the year	-4,146	-3,854
Sales and disposals		-12
Reclassification	-24	-83
Translation differences	-555	-811
Accumulated amortisation, closing balance	**-24,111**	**–19,386**
Closing book value	**28,508**	**24,830**

Amortisation and revaluations for the year

SEK M	Group 2019	2018
Time and interest component	-4,174	-3,942
Positive revaluations in connection with changes in expectations in projections of future cash flows	920	795
Negative revaluations in connection with changes in expectations in projections of future cash flows	-892	-707
Total amortisation and revaluations for the year	**-4,146**	**-3,854**

Disbursements during the year regarding purchased debt investments amounted to SEK 7,323 M (6,872).

For a description of Intrum's accounting policy for purchased debt, see Note 1.

Note 15 Other long-term receivables

SEK M	Group 2019	2018
Deposits	175	16
Loan receivables	8	17
Total	**183**	**33**
Opening balances	33	36
Paid	-12	-3
Repaid	162	0
Reported through acquisitions of subsidiaries	0	0
Carrying values	**183**	**33**

Note 16 Accounts receivable

SEK M	Group 2019	2018
Non-delinquent receivables	974	402
Accounts receivable < 30 days overdue	344	114
Accounts receivable 30–60 days overdue	111	30
Accounts receivable 61–90 days overdue	126	29
Accounts receivable > 90 days overdue	381	175
Total accounts receivable	**1,935**	**751**
Accumulated reserve expected credit losses, opening balance	-31	-24
Reserve for expected credit losses for the year	-51	-17
Realised client losses for the year	1	1
Withdrawals from reserve for expected credit losses for the year	5	9
Translation difference	1	-1
Accumulated impaired receivables, closing balance	**-75**	**-31**
Carrying values	**1,860**	**719**

No collateral has been obtained regarding accounts receivable. In some countries, it is possible to offset accounts receivable against funds collected for the same customer.

Note 17 Other receivables

SEK M	Group 2019	2018	Parent Company 2019	2018
Outlays on behalf of clients	201	165	-	-
Less: reserve for uncertainty in outlays on behalf of clients	-6	-3	-	-
Total	**195**	**162**	**-**	**-**
Factoring receivables	498	437	-	-
Acquired VAT refund claims on purchased debt	11	54	-	-
To be recovered from Netherlands bailiffs	67	87	-	-
Receivable, co-financier of joint venture	0	373	-	-
Receivable, joint venture	52	145	-	-
Other	512	295	23	13
Total	**1,140**	**1,391**	**23**	**13**
Carrying values	**1,335**	**1,553**	**23**	**13**

In the Netherlands, a VAT receivable arises in connection with portfolio investments. The VAT portion of the acquired receivable can be recovered from the tax authorities if it is not collected from the end-customer and is therefore recognised as a separate receivable. The portion that is expected to be recovered within 12 months is recognised as current.

In the Netherlands, bailiffs are private companies and expenses for collection cases paid to them can sometimes be recovered from the bailiffs if their collection measures fail. When it emerges that Intrum is entitled to request that the amount be returned from the enforcement authorities, the amount is moved from Outlays on behalf of clients, to To recover from enforcement authorities.

In the third quarter of 2019, Intrum reclassified a receivable as done in previious year to the acquisition cost for the ownership share in the joint venture and thus at a surplus value in the underlying assets.

Note 18 Prepaid expenses and accrued income

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Prepaid rent	20	14	-	-
Prepaid insurance premiums	4	4	1	2
Prepaid expenses for purchased debt	2	58	-	-
Accrued income	984	480	-	-
Derivative assets (forward exchange contracts)	204	229	204	229
Other	130	105	43	40
Total	**1,344**	**890**	**248**	**272**

Note 19 Liquid assets

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Cash and bank balances	1,811	1,315	220	251
Restricted bank accounts	95	33	0	0
Total	**1,906**	**1,348**	**220**	**251**

Note 20 Equity

Share capital

According to the Articles of Association of Intrum AB (publ), the Company's share capital will amount to not less than SEK 1,300,000 and not more than SEK 5,200,000. All shares are fully paid in, carry equal voting rights and share equally in the Company's assets and earnings. No shares are reserved for transfer.

There are 131,541,320 shares in the Company, and the share capital amounts to SEK 2,899,805.49. See below regarding repurchased shares.

Share repurchase

In 2018, 250,000 shares were repurchased for SEK 56 M and, in 2019, 350,000 shares were repurchased for SEK 86 M. Accordingly, the number of shares outstanding at the end of 2018 was 131,291,320 and, at the end of 2019, there were 130,941,320 shares. The average number of shares outstanding over the year was 131,065,782 (131,390,632).

Other shareholders' equity in the Group

Other paid-in capital

Refers to equity other than share capital contributed by the owners or arising owing to the Group's shared-based payment programmes. Also included are share premiums paid in connection with new issues.

Reserves

Includes the translation reserve, which contains all exchange rate differences that have, since the transition to IFRS in 2004, arisen in the translation of financial statements from foreign operations as well as long-term intra-Group receivables and liabilities that represent an increase or decrease in the Group's net investment in the foreign operations. The amount also includes exchange rate differences arising in the Parent Company's external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries.

Retained earnings including net earnings for the year

Refer to earnings in the Parent Company and subsidiaries, joint ventures and associated companies. Provisions to the statutory reserve, excluding transferred share premium reserves, were previously included in this item. Accumulated revaluations of the Group's defined benefit pension provisions are also included. Dividends paid and share repurchases are deducted from the amount.

Following the balance sheet date, the Board of Directors proposed a dividend of SEK 11 per share (9.50), or a total estimated payout of SEK 1,440 M (1,247).

Other shareholders' equity in the Parent Company

Statutory reserve

Refers to provisions to the statutory reserve and share premium reserve prior to 2006. The statutory reserve is restricted equity and may not be reduced through distributions of earnings.

Share premium reserve

When shares are issued at a premium, the amount exceeding their quota value is transferred to the share premium reserve. Provisions to the share premium reserve as of 2006 are non-restricted equity.

Fair value reserve

Refers to unrealised exchange rate gains or losses on external loans in foreign currency, which are intended to hedge the Group's translation exposure attributable to net assets in foreign subsidiaries. The fair value reserve is non-restricted equity.

Earnings brought forward

Refer to retained earnings from the previous year less the dividend paid and share repurchases. Retained earnings are non-restricted equity.

Capital structure

The Company's definition of capital corresponds to shareholders' equity including holdings without a controlling interest, which at year-end totalled SEK 24,893 M (25,672).

The measure of the Company's capital structure used for control purposes is consolidated net debt in relation to pro forma rolling 12-month-adjusted cash EBITDA, which at year-end amounted to 4.3 (4.3). This ratio is calculated by placing current consolidated net debt at the end of the year in relation to pro forma cash EBITDA, including operations being phased out and including a calculated cash EBITDA throughout the period for larger units acquired during the year, and excluding non-recurring items (NRIs). Net debt is defined as the sum of interest-bearing liabilities and pension provisions less liquid funds and interest-bearing receivables.

The Board of Directors has established financial targets for the Group, in which net debt divided by pro forma rolling 12-month-adjusted cash EBITDA, as stated above, shall be between 2.5 and 3.5 in the long term

Note 21 Pensions

Employees in Intrum's companies are covered by various pension benefits, some of which are defined benefit plans and others as defined contribution plans. The Group applies IAS 19 Employee Benefits, which contains, among other things, uniform regulations on the actuarial calculation of provisions for pensions in defined benefit plans.

Group employees in Switzerland, and certain employees in Germany, are covered by pension plans funded through assets under the management of insurance companies and are reported as defined benefit pension plans. Other employees in Germany and employees in Norway and Italy are covered by unfunded defined benefit pension plans that can be paid out as a one-time sum or as monthly payments following retirement. In France, the Company makes provisions for one-time payments made to employees on retirement, and these provisions are also reported according to the rules for defined benefit pension plans. In Belgium and Sweden, there are pension plans, funded through insurance, which theoretically should have been reported as defined benefit plans, but which are recognised as defined contribution plans since the Company lacks sufficient data to report them as defined benefit plans. See also below regarding the ITP 2 plan.

Among other things, IAS 19 requires pension costs for service in the current period to be reported in the operating earnings, while the calculated interest expense on the pension liability and the interest income from assets under management are reported in net financial items. Actuarial revaluations are recognised in other comprehensive income.

Provisions for pensions reported in the balance sheet can be analysed as follows:

		Group
SEK M	2019	2018
Present value of fully or partly funded obligations	555	321
Fair value of plan assets	-266	–253
Deficit in the plan	**289**	**68**
Present value of unfunded obligations	98	195
Total provisions for pensions	**387**	**263**

Changes in net obligation:

		Group
SEK M	2019	2018
Opening balances	263	175
Expenses for employment in current year	21	15
Interest expense	3	5
Pensions paid	-33	–19
Pension provisions in acquired operations	88	86
Revaluations	40	–8
Exchange rate differences	5	9
Closing balance	**387**	**263**

Reconciliation of fair value of assets under management:

	Group	
SEK M	2019	2018
Opening balance	253	243
Fees paid	43	41
Compensation paid	-44	–43
Interest revenue	2	2
Assets under management in acquired operations	0	0
Revaluations	-7	–7
Exchange rate differences	18	17
Closing balance	**266**	**253**

The pension cost recognised in the income statement can be specified as follows:

	Group	
SEK M	2019	2018
Expenses for employment in current period	21	15
Net interest income/expense	3	5
Total pension expense in net earnings for the year	**24**	**20**

Costs for employment in the current period are reported in operating earnings. Net interest income/expense is reported under net financial items. Revaluations of the pension liability are included in other comprehensive income in the amount of SEK 8 M (negative 18) before tax. In calculating Provisions for pensions, the following assumptions are used:

	Group	
%	2019	2018
Discount rate	0.85-2.50	0.85–2.50
Assumed rate of increase in compensation	1.0-2.5	1.0–2.5
Assumed return on assets under management	1.0-2.0	1.0–2.0
Assumed pension increases	0.4-2.0	0.4–2.0
Future adjustment to social security base	2.0-4.2	2.0–4.2

The Group also finances a number of defined contribution plans, Consolidated expenses for these amounted to SEK 146 M (146).

Funded defined benefit pension plans
For Group employees in Switzerland, commitments exist in the form of obligatory service pension plans funded through insurance policies in the Swiss Life Collective BVG Foundation and in Transparenta BVG Foundation. The funded commitments currently amount to SEK 335 M (307), and the fair value of the assets under management is SEK 240 M (237). Consequently, the net pension liability is SEK 94 M (70). The pension commitment is funded through insurance contracts. During the year Intrum paid SEK 41 M (42) to the plan, while disbursements to retirees amounted to SEK 56 M (43).

For Group employees in Norway, mandatory occupational pensions commitments exist that were previously secured through a funded defined benefit pension solution, although these were replaced in 2019 by an unfunded defined benefit solution and a defined contribution solution.

ITP 2 plan
The commitments for retirement and family pensions for the Group's Swedish employees are secured through insurance with Alecta according to the so-called ITP 1 and ITP 2 plans. ITP 1 includes employees born in 1979 or later, while ITP 2 covers employees born in 1978 or earlier. ITP 1 is a defined contribution plan. On the other hand, according to a statement from the Swedish Financial Reporting Board, UFR 10, the ITP 2 plan is a multi-employer defined benefit plan. Alecta's customers have not had access to such information for the fiscal year that would make allow them to report their proportional share of plan assets, liabilities and costs, preventing it from being possible to report the plan as a defined benefit plan. Nor is there a contractual agreement how surpluses and deficits in the plan are to be distributed among plan participants. The ITP 2 plan secured through insurance with Alecta is therefore reported by Intrum as if it were a defined contribution plan. The premium is individually calculated, depending on salary, previously vested pension and anticipated remaining term of employment. At year-end Alecta's surplus in the form of the collective funding ratio was 142 percent (154). The collective funding ratio consists of the market value of Alecta's assets as a percentage of the insurance obligations calculated according to Alecta's actuarial assumptions, which do not conform to IAS 19. Under the provisions of the ITP 2 plan, measures must be taken if the funding ratio falls below 125 percent (for example, in connection with an increase in the price of the subscription) or exceed 155 percent (for example, in connection with a premium reduction).

Note 22 Other provisions

	Group	
SEK M	2019	2018
Opening balances	154	152
Amounts utilised during the year	–99	–134
Unutilised amounts reversed during the year	-65	-18
New provisions for the year	146	33
Provisions in acquired operations	29	114
Provisions in divested operations	0	1
Translation differences	3	6
Closing balances	**168**	**154**

	Group	
SEK M	2019	2018
Of which, long-term provisions		
Expenses for returning leased office premises to their original condition	0	2
Personnel expenses	3	2
Rent and additional costs	16	1
Of which, short-term provisions		
Expenses for returning leased office premises to their original condition	1	0
Expenses for termination of personnel and other restructuring expenses	91	0
Additional purchase consideration for shares	0	138
Consulting (legal, tax and compliance)	2	11
Other	55	0
Total	**168**	**154**

Current provisions are expected to be settled within 12 months from of the balance sheet date. The Company reports the policies as an asset.

Note 23 Borrowing

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Long-term liabilities				
Bank loans	6,186	6,534	6,186	6,534
Bond loan	40,644	33,254	40,644	33,254
Current liabilities				
Commercial papers	2,794	2,123	2,794	2,123
Bond loan	1,000	1,000	1,000	1,000
Bank loans	-	296	-	11
Total	**50,624**	**43,207**	**50,624**	**42,922**

Since June 2017, Intrum AB has had a revolving syndicated loan facility totalling EUR 1,100 M with a bank consortium of five Nordic banks. In February 2019, the banking group was expanded to six and the limit to EUR 1,375 M. The loan framework of EUR 1,375 M can be utilised for borrowing in a number of different currencies. As of 31 December 2019, the loan framework had been utilised for loans in Swedish kronor totalling SEK 6,186 M (6,534), in euro totalling EUR 435 M (295) and in Norwegian kronor totalling NOK 1,550 M (3,000). The unutilised portion of the facilities amounted to SEK 8,178 M (4,241). The loan carries a variable interest rate based on the interbank rate in each currency, with a margin. All operational and financial covenants were fully met in 2019.

In December 2019 a new agreement regarding a new syndicated loan facility of EUR 1,800 M was signed with a bank consortium of 14 banks. The facility has a duration of five plus one years and came into effect on 15 January 2020. In connection with this, the previous facility, agreed in June 2017, was annulled. The new loan facility contains operations-related and financial covenants, including limits on financial indicators. In addition, the new credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

During 2017, Intrum AB issued public bonds divided into four tranches of a total EUR 2,700 M and SEK 3,000 M. In 2018, Intrum issued a public bond for SEK 1,000 M. In 2019, Intrum issued an MTN bond of SEK 2,000 M, which was later increased by SEK 900 M. In November, Intrum issued another bond of

SEK 1,100 M, upon which the MTN programme was fully utilised. In addition, Intrum issued two bonds of EUR 800 M and EUR 850 M, respectively, the liquidity was used to repay two bonds with variable interest rates (EUR 300 M and SEK 3,000 M), and to reduce a fixed-rate bond by EUR 750 M, all of the earlier bonds had been issued in 2017 and were due to mature in 2022. In December 2019, a bond of EUR 75 M was issued with a maturity of five years and three months. Consequently, Intrum has outstanding bond loans for a total SEK 41,645 M (34,254). In 2019, Intrum also issued a commercial paper that, at the end of the year, amounted to SEK 2,794 M (2,123).

Change in borrowings during the year Group

	Group	
SEK M	2019	2018
Opening balance	43,207	38,024
Borrowings	96,485	24,963
Amortisation of loans	-88,140	-21,430
Acquisitions and divestments	-57	286
Translation differences	-871	1,364
Closing balance	**50,624**	**43,207**

Bonds outstanding as per 31 December 2019

Designation	Currency	Nominal amount	in SEK	maturity date	Interest rate for fixed-rate bonds and margin for variable-rate bonds	Market value of bond
SEK 2020 Float	SEK	1,000,000	1,000,000	6 July 2020	1.90%	1,005,890
SEK 2021 Float	SEK	1,100,000	1,100,000	22 November 2021	1.80%	1,102,074
EUR 2022 Fix	EUR	750,000	7,835,100	15 July 2022	2.75%	7,987,806
EUR 2013 Float PP	EUR	160,000	1,671,488	22 June 2023	1.31%	1,651,130
SEK 2023 Float	SEK	2,900,000	2,900,000	3 July 2023	3.25%	2,975,009
EUR 2024 FIX	EUR	900,000	9,402,120	15 July 2024	3.13%	9,635,199
EUR 2025 FIX PP	EUR	75,000	783,510	13 March 2025	3.00%	808,264
EUR 2026 FIX	EUR	800,000	8,357,440	15 July 2026	3.50%	8,558,060
EUR 2027 FIX	EUR	850,000	8,879,780	15 September 2027	3.00%	8,755,641
Total			**41,929,438**			**42,479,073**

Bonds with "Fix" in the denomination mature at fixed interest rates. Bonds with "Float" in the denomination mature at variable interest rates.Bonds with "PPP" in the denomination Private Placements.

Maturities of long-term bank borrowings

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Maturities of long-term bank borrowings				
Between 1 and 2 years	1,100	1,000	1,100	1,000
Between 2 and 3 years	7,835	11,200	7,835	11,200
Between 3 and 4 years	4,572	21,466	4,572	21,466
Between 4 and 5 years	10,185	1,646	10,185	1,646
More than 5 years	17,237	9,233	17,237	9,233
Total	**40,929**	**44,545**	**40,929**	**44,545**
Unused lines of credit excluding guarantee facility				
Expiring within one year	0	0	0	0
Expiring after more than one year	8,178	4,200	8,178	4,200
Total	**8,178**	**4,200**	**8,178**	**4,200**

Specification of maturity dates for short and long-term loans as per 31 December 2019

SEK M	2020	2021	2022	2023	2024	2025
Commercial papers	2,794					
Bond loan	1,000	1,100	7,835	4,571	9,402	784
Syndicated loan facility		6,186				
Unutilised portion of facility		8,178				
Total	**3,794**	**15,464**	**7,835**	**4,571**	**9,402**	**784**

Specification of maturity dates for short and long-term loans as per 31 December 2018

SEK M	2019	2020	2021	2022	2023	2024
Commercial papers	2,124					
Bond loan	1,000	1,000		21,466	1,646	9,233
Syndicated loan facility			7,000			
Unutilised portion of facility			4,200			
Total	**3,124**	**1,000**	**11,200**	**21,466**	**1,646**	**9,233**

Note 24 Accrued expenses and prepaid income

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Accrued social security expenses	183	116	20	20
Accrued vacation pay	207	192	13	12
Accrued bonus expense	205	241	51	55
Prepaid subscription income	183	110	0	0
Provisions for losses on charge card guarantees	1	1	0	0
Accrued interest	479	387	477	386
Provision for expenses to pay to collection authorities in the Netherlands	11	15	0	0
Individually related expenses	413	254	33	65
Derivatives	356	29	356	29
Office expenses	229	181	1	2
Production costs	411	124	0	0
Other accrued expenses	337	407	50	14
Total	**3,015**	**2,056**	**1,001**	**582**

Note 25 Pledged assets, contingent assets and contingent liabilities

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Pledged assets				
Deposits	175	16	–	–
Restricted bank accounts	95	33	0	0
Shares in subsidiaries	31,637	35,503	34,138	29,944
Total	**31,907**	**35,552**	**34,138**	**29,944**
Contingent assets	None	None	None	None
Contingent liabilities				
Payment guarantees	92	120	–	–
Total	**92**	**120**	**0**	**0**

Pledged assets

Pledged collateral includes deposits and restricted bank balances that can be claimed by clients, suppliers or authorities in the event that Intrum were not to meet its contractual obligations.

Pledged collateral also includes shares in subsidiaries within the Group pledged as collateral for the Parent Company's revolving credit facility. The reported value of pledged collateral in the table above refers to the consolidated value of the subsidiaries' net assets.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum assumes the client's claim against its customer and takes over the continued handling of the case within the Portfolio Investments area of operations. At the end of the year, the total amount guaranteed was SEK 92 M (120). Intrum's risk in this business is managed through strict credit limits and analyses of the borrower's credit status. As of year-end Intrum had allocated SEK 1 M (1) in the balance sheet to cover payments that may arise due to the guarantee.

Other

In Spain, a number of disputes are in progress against two former executives, attributable to their termination in June 2015. The disputes concern whether the dismissals were unlawful, the former executives' entitlement to different bonuses and the entitlement to compensation for one of the former executives for a competition commitment in his employment contract. Intrum has won all disputes in the lower court, with the disputes over illegal dismissal having gained legal force and can no longer being possible to appeal. The remaining disputes are currently being addressed by the higher court. Intrum refutes all of these claims.

In Poland, a dispute is in progress related to the acquisition of Casus Finanse S.A. in 2015. The dispute concerns the entitlement of the sellers, the former management of Casus Finanse SA, to an additional purchase consideration and remuneration for continued employment under the share transfer agreement. The former management of Casus Finanse SA was dismissed in December 2016, and Intrum's position is that no entitlement to an additional purchase consideration nor remuneration for continued employment applies. The dispute has been referred to the arbitration panel, which in December 2019 settled the dispute substantially in Intrum's favour. Although there is a theoretical possibility for the counterparties to appeal against the arbitration panel's ruling, the risk of a successful appeal is considered small.

The possible effect on the Group's earnings of the above disputes is not assessed to be significant, and Intrum has made provisions for the disputes in accordance with the anticipated outcome.

The Group is otherwise involved in disputes in the normal course of business. In the opinion of the Board, none of these disputes are expected to give rise to any significant cost.

Note 26 Average number of employees

	Group				Of which, the Parent Company			
	2019		2018		2019		2018	
	Men	Women	Men	Women	Men	Women	Men	Women
Belgium	50	68	49	58	-	-	-	-
Brazil	10	9	13	10	-	-	-	-
Denmark	75	97	74	110	-	-	-	-
Estonia	4	20	5	20	-	-	-	-
Finland	124	324	120	324	-	-	-	-
France	196	451	200	443	-	-	-	-
Greece	76	103	-	-	-	-	-	-
Ireland	34	42	33	45	-	-	-	-
Italy	331	467	108	166	-	-	-	-
Latvia	168	91	148	73	-	-	-	-
Lithuania	100	247	59	220	-	-	-	-
Luxembourg	1	0	1	0	-	-	-	-
Mauritius	30	77	20	39	-	-	-	-
Netherlands	94	64	129	81	-	-	-	-
Norway	278	322	295	349	-	-	-	-
Poland	160	217	227	279	-	-	-	-
Portugal	69	141	77	150	-	-	-	-
Romania	63	136	65	117	-	-	-	-
Switzerland	123	128	130	140	-	-	-	-
Slovakia	34	62	34	65	-	-	-	-
Spain	736	1303	614	1,256	-	-	-	-
UK	83	96	65	82	-	-	-	-
Sweden	160	266	157	256	39	31	39	29
Czech Republic	28	51	32	46	-	-	-	-
Germany	147	347	157	340	-	-	-	-
Hungary	172	252	147	243	-	-	-	-
Austria	13	26	13	26	-	-	-	-
Total	**3,359**	**5,407**	**2,972**	**4,938**	**39**	**31**	**39**	**29**

Of the Group's employees 21 percent are younger than 30 years old, 37 percent are 30–39 years old, 25 percent are 40–49 years old and 17 percent are 50 years old or older.

	2019		2018	
	Men	Women	Men	Women
Gender distribution of senior executives				
Board of Directors	6	3	6	3
Group Management Team	9	2	10	3
Country Managers	19	3	20	3
Board members in subsidiaries	83%	17%	85%	15%

Seven members of the Group Management Team are employees of the Parent Company. There is no special management team for the Parent Company.

Note 27 Salaries and remunerations

SEK M	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	**148**	**141**	**21**	**16**
Salaries and remunerations to other employees				
Northern Europe	1,118	1,096	-	-
Central and Eastern Europe	823	690	-	-
Western and Southern Europe	958	718	-	-
Iberian Peninsula and Latin America	981	656	-	-
Head offices and central operations	252	219	103	127
Total salaries and other remuneration, Group	**4,280**	**3,520**	**123**	**144**
Social security expenses	830	728	54	58
Of which pension expenses	*187*	*161*	*20*	*20*
Total	**5,110**	**4,248**	**177**	**202**

Salaries and other remuneration in the Group also include remuneration in forms other than cash payments, such as a free or subsidised car, housing and meals. Parent Company figures refer strictly to cash payments, however. For information on compensation to the Group's senior executives, see Note 28.

Note 28 Terms and conditions of employment for senior executives

Guidelines on compensation for senior executives

The 2019 Annual General Meeting adopted guidelines for remuneration to senior executives, the CEO and members of Group Management. The proposal has been prepared by the Board and its Remuneration Committee.

Salary and remuneration philosophy

Intrum is dependent on its employees to achieve ambitious objectives in a challenging environment. The salary and remuneration philosophy seeks to ensure our employees are rewarded for their valuable contributions to the Company's earnings. We also strive to be able to recruit, develop and retain high-performance employees in a competitive international environment. At the same time, we try to ensure that our employees are offered salaries in line with the market.

Remuneration levels should reflect duties, responsibility and performance, and should be competitive compared with similar companies in similar sectors in the same geographic area. To ensure that appropriate behaviours are encouraged, and that efforts are focused in the appropriate areas, remuneration levels need to be related to the objectives closely associated with the Group's business strategy and its core values.

The total remuneration is based on four principal components: fixed salary, variable salary, long-term incentive programmes and pension benefits. Other benefits, such as a company car, may be offered as well.

Fixed salary component

Fixed salary is set based on three perspectives: The complexity and responsibility of the post, individual performance and local market conditions.

Variable salary component

Intrum's variable salary component (VSP) serves to encourage short-term performance. It is set for one year at a time. The metrics are set individually for each member of Group Management to reflect the Group's business strategy and priorities. The metrics reflect business targets or other generation of value for the Company. Short-term variable salary also entails the Company's expenses varying depending on the Group's financial development.

Short-term variable salary is capped at 50 percent of fixed annual salary for the CEO and at between 35 and 50 percent for other members of Group Management. However, the Chief Risk Officer does not receive a variable salary component.

Long-term incentives

Our long-term variable salary programme (LTIP) brings Group Management's long-term interests and perspectives are brought onto an equal footing with those of shareholders, while commitment to the Company is also reinforced. This rewards long-term generation of value over a three-year period, allowing Group Management to participate in the Company's financial success. Performance targets set by the Board of Directors in terms of the Group's earnings per share (EPS) is generally applied as a metric because this is considered a good indicator of the Group's long-term success. As with the variable salary component, an effect of the programme's design is that the salary cost varies alongside the Group's financial performance.

The long-term incentive programme is proposed to be offered to Group management through the allocation of Performance Shares. The maximum allocation is 150 percent of fixed annual salary for the CEO, CFO and CIO and between 35 and 50 percent of fixed annual salary for other members of Group Management.

The outcome of the long-term incentive programme is not pensionable.

Pension benefits, etc.

Retirement pension, disability and health insurance and similar benefits are to be designed to reflect the practices and requirements in the senior executives' home countries.

Expenses for variable salary components and long-term incentive programmes

For 2019, the expenses are expected to amount to at most SEK 19 M for the variable salary component and at most SEK 35 M for the 2019 long-term incentive programme, excluding social security contributions. The estimate does not take into account any changes in the composition of Group Management during the year.

Guidelines for individual share ownership

It is proposed that the guidelines for individual share ownership, applied since 2015, be discontinued due to the share-based incentive programme established in 2018.

Other

In the event of termination by Intrum, severance pay (if applicable) shall not exceed 12 months' fixed salary.

The Board of Directors shall have the right to depart from these remuneration guidelines if there is particular justification for doing so in individual cases.

Role of the Remuneration Committee

The Board of Directors has a Remuneration Committee whose task is to address the Group's remuneration issues on behalf of shareholders and the Board. The Remuneration Committee is responsible for preparing the Group's remuneration guidelines, which include general principles for how salaries and other remunerations are determined, as well as addressing remuneration issues concerning the CEO and Group Management. The Remuneration Committee comprises two Board members. Since the 2019 Annual General Meeting, the Remuneration Committee has consisted of Per E. Larsson (Chairman) and Magnus Yngen. The CEO and the Company's Chief Human Resources Officer are co-opted to the Committee's meetings, though not when their own remuneration is discussed.

Terms of employment and remuneration of the CEO

During 2019, Mikael Ericson, President and CEO, received remuneration in accordance with the Group's principles as detailed above. In 2019, his fixed monthly salary was SEK 510,000, which was two percent more than in 2018. In addition to his fixed salary, he had the opportunity to receive 50 percent of his annual salary within the framework of the variable salary component and 50 percent of his annual salary within the framework of the 2017 long-term remuneration programme. In 2019, he was offered long-term incentives with an initial allocation of 150 percent of his fixed annual salary. In addition to his salary, the Company paid pension contributions corresponding to 35 percent of his fixed annual salary. The pension policy is a defined contribution plan and the retirement age is 65 years. He also had a company car in accordance with the Group's car policy, as well as subsidised meals under the same terms as other Group employees in Sweden.

Terms of employment and remuneration for other members of Group Management

During 2019, other members of Group Management also had benefit levels in accordance with the Group's principles as detailed described above. This includes fixed annual salary and the opportunity to receive 0–50 percent of annual salary within the framework of the variable salary component and, for former members of Intrum Justitia's Group Management, 20–50 percent within the framework of the 2017 long-term remuneration programme. In 2019, they were offered long-term incentives with an initial allocation of 35–150 percent of their fixed annual salary. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. Pension policies are defined contribution plans, and the retirement age is generally 65. Members of Group Management have company cars, in accordance with the Group's car policy. Smaller benefits also occur according to local practice, such as subsidised meals and travel.

In March 2017, certain senior executives, excluding the President and CEO, were offered an additional bonus, amounting to two or three months' salary, linked to the merger between Intrum Justitia and Lindorff. Since the predetermined terms have been met, the exceptional bonus was paid out in March 2018. The variable remuneration for 2018 reported below includes the exceptional bonus, which was vested during the period 22 March 2017 to 31 March 2018.

The notice of termination for members of Group Management Team varies from three to twelve months, regardless of whether termination is initiated by the employee or the Company.

Remuneration for the year

Other senior executives in the table are defined as members of Group Management (see pages 50-51) other than the CEO. In 2019, no new members were appointed and two stepped down. At the end of 2019, there were 10 other senior executives.

SEK thousands	2019	2018
President and CEO		
Mikael Ericson		
Base salary	6,120	6,000
Variable compensation	5,069	4,920
Other benefits	85	75
Pension expenses	2,282	2,136
Total, President and CEO	**13,555**	**13,132**
Other senior executives		
Base salary	33,704	36,094
Variable compensation	13,491	19,375
Other benefits	2,929	2,651
Severance pay	2,708	0
Pension expenses	6,047	5,615
Total other senior executives	**58,871**	**63,735**

The amounts stated correspond to the full remuneration received during the period in which the individuals concerned were defined as senior executives, including vested but as yet unpaid variable remuneration for each year. This entails, for example, that the variable remuneration accrued and expensed by the Company in 2018 was disbursed in 2019, while the variable remuneration for 2019 is to be disbursed in 2020.

No share-based remunerations were paid in 2018 or 2019.

Board of Directors

In accordance with the Annual General Meeting's resolution, total fees paid to Board members for the year, including for committee work, amounted to SEK 6,940 thousand (6,795). Board fees are distributed between Directors as determined by the AGM according to the proposal by the Nomination Committee. The Directors have no pension benefits or severance agreements.

Board fees

SEK thousands	2019	2018
Per E. Larsson, Chairman	1,335	1,310
Magnus Yngen, Deputy Chairman	800	700
Magdalena Persson	615	600
Hans Larsson	765	750
Kristoffer Melinder	615	600
Andreas Näsvik	765	600
Ragnhild Wiborg	815	800
Synnöve Trygg	-	750
Fredrik Trägårdh	-	685
Andrés Rubio	615	-
Liv Fiksdahl	615	-
Total Board fees	**6,940**	**6,795**

Board fees pertain to the period from the 2018 Annual General Meeting until the 2019 Annual General Meeting and from the 2019 Annual General Meeting until the 2020 Annual General Meeting respectively.

Note 29 Auditor's fees

	Group		Parent Company	
SEK M	2019	2018	2019	2018
Ernst & Young				
Audit assignments	24	21	3	4
Audit related services	7	5	5	0
Tax advisory	2	1	0	0
Other Audit firms				
Audit assignments	1	5	0	0
it related services	0	6	1	0
Total	**34**	**37**	**9**	**4**

Note 30 Leasing

As of 1 January 2019, the IFRS 16 leasing standard has significantly changed how the Company accounts for its lease contracts. According to the new accounting model, all contracts containing leases are to be recognised on the balance sheet as right-of-use assets and lease liabilities. If leases meet two criteria, 1) they are current leases (shorter than one year) and 2) they pertain to "low-value assets", such as personal computers, laptops, tablets, telephones, office equipment or other items where the purchase price is typically below USD 5,000 (or EUR 4,300), they are not covered by IFRS 16 and are therefore recognised as ongoing expenses as prior to application of IFRS 16.

Leased items covered by IFRS 16 within Intrum are office premises, motor vehicles, ITC equipment and other leasing. The Company has implemented the leasing standard applying the simplified method (modified retroactive approach) and the transitional effects of IFRS 16 are reported as retained earnings as of 1 January 2019 without recalculating the comparative figures. The foremost effect on the consolidated financial statements derives from accounting for office premises.

Prior to implementation of IFRS 16, Intrum's leases were classified as operational and financial leasing. As of 2019, all of Intrum's leases are instead reported as non-current assets and financial liabilities in the statement of financial position. Rather than reporting the leasing fee as an operating expense, Intrum reports depreciation and interest expenses under Total comprehensive income for the year. The right-of-use assets are depreciated over the term of the lease. The lease liability represents the present value of future lease payments.

The change in right-of-use assets and lease liabilities since implementation is summarised below.

Right-of-use assets

SEK thousands	Land and buildings	Motor vehicles	ITC equipment	Other	Total
2019					
Opening balance, 1 January	691,136	31,532	-	5,087	**727,755**
Additions to right-of-use assets in 2019	362,777	33,758	399	2,929	**399,863**
Sales and disposals of right-of-use assets in 2019	2,879	-744	-	-494	**1,641**
Depreciation over the year	-205,939	-20,832	-14	-2,213	**-228,998**
Closing balance, 31 December	840,134	42,115	379	5,249	**887,877**

Lease liability in Statement of financial position as of 31 December 2019

Current	442,815
Non-current	473,706

Amount recognised in the income statement, 2019

SEK thousands	
Interest expense relating to lease liability	-45,864

Amount recognised in Cash flow statement as of 31 December 2019

SEK thousands	
Total cash flow for leasing	-253,175

Note 31 Investing commitments

Commitments to acquire fixed assets amounted at year-end to SEK 0 M (1,949), of which SEK 0 M (1,949) refers to corporate acquisitions.

Note 32 Financial instruments

SEK M	Group 31 Dec 2019	Group 31 Dec 2018	Parent Company 31 Dec 2019	Parent Company 31 Dec 2018
Carrying value of financial instruments				
Financial assets valued at amortised cost	35,835	29,507	37,400	35,880
Financial assets valued at fair value	204	602	204	229
Financial liabilities valued at amortised cost	56,291	47,440	51,346	50,544
Financial liabilities valued at fair value	666	29	356	29

The only financial instruments that are regularly restated at fair value are derivatives (e.g. forward exchange contracts). They are valued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13.

Financial assets include the balance sheet items: purchased debt, other long-term receivables, accounts receivable, client funds, other current receivables, accrued income, derivatives with positive value, cash and cash equivalents and, for the Parent Company, intra-Group receivables.

The total recognised value of consolidated financial assets amounted to SEK 36,039 M (30,109) on the balance sheet date. Financial assets amounted to SEK 35,835 M (29,507) and financial assets recognised at fair value via the income statement amounted to SEK 204 M (602).

The total recognised value of the Parent Company's financial assets amounted to SEK 37,604 M (35,909) on the balance sheet date. Financial assets amounted to SEK 37,400 M (35,880) and financial assets recognised at fair value via the income statement amounted to SEK 204 M (229).

Financial liabilities include the balance sheet items: non-current and current liabilities to credit institutions, bond loans, commercial papers, client funds payable, accounts payable, advances from clients, other current liabilities, accrued expenses for the Parent Company, intra-Group liabilities.

The total recognised value of consolidated financial assets amounted to SEK 56,647 M (47,469) on the balance sheet date. Financial liabilities recognised at amortised cost amounted to SEK 56,291 M (47,440) and financial liabilities recognised at fair value amounted to SEK 356 M (29).

The total recognised value of the Parent Company's financial liabilities amounted to SEK 51,702 M (50,573) on the balance sheet date. Financial liabilities recognised at amortised cost amounted to SEK 51,346 M (50,544) and financial liabilities recognised at fair value amounted to SEK 666 M (29).

Portfolio investments

Portfolio investments consist of purchased debt reported at amortised cost according applying an effective interest rate model with an effective interest rate reflecting the risk of defaulted payment. Considering the purchased receivables are assessed to be in default they are classified to the third stage of credit risk as defined in IFRS 9. The Group determines the carrying value by calculating the present value of estimated future cash flows at the receivables' original effective interest rate. Adjustments are recognised in the income statement. With this valuation method, the carrying value is the best estimate of the fair value of debt portfolios, in the Company's opinion. On the balance sheet date, the carrying value of purchased debt amounted to SEK 28,508 M (24,830). An account of purchased debt by year acquired is provided in Note 33.

Accounts receivable

Accounts receivable are recognised at amortised cost with no discount being applied since the remaining maturity is judged to be short. Accounts receivable amounted to SEK 1,860 M (719) on the balance sheet date.

Other receivables

Other receivables have short maturities. Receivables in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other receivables, including accrued income, amounted to SEK 3,764 M (3,211) on the balance sheet date. The item includes forward exchange contracts for SEK 204 M (229), recognised at fair value in the income statement. The remaining SEK 3,561 M (2,982) is valued at amortised cost. For the Parent Company, other receivables, including receivables from Group companies, amounted to SEK 36,825 M (35,857). The item includes forward exchange contracts for SEK 204 M (229), recognised at fair value in the income statement. The remaining SEK 36,622 M (35,628) is valued at amortised cost.

Cash and cash equivalents

Liquid assets mainly consist of bank balances. Liquid assets in foreign currency mainly consist of bank balances. Liquid assets in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, cash and cash equivalents amounted to SEK 1,906 M (1,348). For the Parent Company, the corresponding amount was SEK 220 M (251) on the balance sheet date.

Liabilities to credit institutions

The Parent Company's and the Group's loan liabilities carry market rate interest with short fixed interest terms. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. On the balance sheet date, consolidated liabilities to credit institutions amounted to SEK 6,186 M (6,831) and for the Parent Company, they amounted to SEK 6,186 M (6,545).

Bond loans

The Parent Company and the Group had bond loans outstanding for a value of SEK 41,644 M (34,254) on the balance sheet date. The bond loans are recognised at amortised cost. The fair value of the bonds, in accordance with observable market data, is SEK 42,479 M (31,606) and classified as level 2 in the fair value hierarchy according to IFRS 13

Commercial papers

The Parent Company and the Group had commercial papers outstanding for a value of SEK 2,794 M (2,123) on the balance sheet date.

Accounts payable

Accounts payable have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Consolidated accounts payable amounted to SEK 512 M (488). For the Parent Company, the equivalent amount was SEK 72 M (33).

Other liabilities

The Parent Company's and the Group's other liabilities have short maturities. Liabilities in foreign currency are translated in the accounts at balance sheet date rates. Consequently, carrying value corresponds to fair value. Other liabilities, including accrued expenses amounted to SEK 5,588 M (3,773) on the balance sheet date. The item includes derivatives valued at SEK 356 M (29), recognised at fair value in the income statement (held for trade). Other liabilities, excluding derivatives amounted to SEK 5,233 M (3,744).

For the Parent Company, other liabilities amounted to SEK 1,361 M (7,618) on the balance sheet date and included liabilities to Group companies and accrued expenses. Derivatives are recognised at fair value in the income statement (held for trade) and amounted to SEK 356 M (29). Other liabilities, excluding derivatives amounted to SEK 1,005 M (7,589).

Offset of financial instruments

Financial assets and liabilities measured at fair value comprise derivatives. Financial assets and liabilities are not offset in the balance sheet. However, there are legally binding agreements that allow offsetting should one of the counterparties for the Group's derivatives suspend their payments. At the end of the year, Intrum had financial assets totalling SEK 29 M (29) that could be offset against debts should the counterparties suspend their payments.

Note 33 Financial risks and financial policies

Principles of financing and financial risk management

The financial risks that arise in Intrum operations are limited. Thanks to a strong cash flow, combined with little need for investment and operating capital, external capital needs in the Group's Credit Management operations are relatively low. The purchased debt operations have a greater need for capital, particularly during a growth phase.

Intrum's financing and financial risks are managed within the Group in accordance with the treasury policy established by the Board of Directors. The treasury policy contains rules for managing financial activities, delegating responsibility, measuring and identifying financial risks and limiting these risks.

Internal and external financial operations are concentrated in Group Treasury in Stockholm and Oslo, which ensures economies of scale when pricing financial transactions. Because Group Treasury can take advantage of temporary surpluses and deficits in the Group's various countries of operation, the Group's total interest expense can be minimised.

Market risk

Market risk consists of risks related to changes in exchange rates and interest rate levels.

Exchange rate risk

Exchange rate risk is the risk that fluctuations in exchange rates will negatively affect the Group's income statement, balance sheet and/or cash flows. The most important currencies for the Intrum Group, other than the Swedish krona (SEK), are the euro (EUR), the Swiss franc (CHF), the Hungarian forint (HUF) and the Norwegian krone (NOK).

The following exchange rates have been used to translate transactions in foreign currency in the financial accounts:

Currency	31 Dec 2019	31 Dec 2018	Average 2019	Average 2018
CHF	9.62	9.11	9.52	8.88
EUR	10.45	10.26	10.59	10.26
HUF	0.0316	0.0319	0.0326	0.0322
NOK	1.06	1.03	1.07	1.07

Exchange rate risk can be divided into transaction exposure and translation exposure. Transaction exposure consists of net operating and financial receipts and disbursements in different currencies. Translation exposure consists of the effects from the translation of the financial reports of foreign subsidiaries and associated companies to SEK.

Transaction exposure

In each country, all income and most operating expenses are denominated in local currencies, and thus currency fluctuations have only a limited impact on the Company's operating earnings in local currency. National operations seldom have receivables and liabilities in foreign currency. Income and expenses in national currency are thereby hedged in a natural way, which limits transaction exposure. The currency exposure that arises within the operating activities is limited to the extent it pertains to international collection operations. The subsidiaries' projected flow exposure is not hedged at present. All major known currency flows are hedged on a continuous basis in the Group and the Parent Company through forward exchange contracts.

Translation exposure

Intrum operates in some 25 countries. The results and financial position of subsidiaries are reported in the relevant foreign currencies and later translated into SEK for inclusion in the consolidated financial statements. Consequently, fluctuations in the SEK exchange rate affect consolidated income and earnings, as well as equity and other items in the financial statements.

The Group's revenues are distributed by currency as follows:

SEK M	2019	2018
SEK	936	882
EUR	9,766	7,791
CHF	804	802
HUF	1,434	1,197
NOK	1,575	1,587
Other currencies	1,470	1,183
Total	**15,985**	**13,442**

An appreciation of the Swedish krona of 10 percentage points on average in 2019 against EUR would thus, all else being equal, have affected revenues negatively by SEK 977 M, against CHF by SEK 80 M, against HUF by SEK 143 M and against NOK by SEK 158 M.

In terms of net assets by currency, shareholders' equity in the Group, including non-controlling interests, is distributed as follows:

SEK M	2019	2018
SEK	21,303	7,497
EUR	17,470	32,811
– less EUR hedged through foreign currency loans	-27,151	-27,654
+ EUR hedged through derivatives	8,817	5,817
CHF	530	1,581
– less CHF hedged through foreign currency loans	-110	-31
– less CHF hedged through derivatives	0	-957
DKK	-3	707
– less DKK hedged through derivatives	-70	-438
HUF	2,460	2,494
– less HUF hedged through foreign currency loans	0	-516
– less HUF hedged through derivatives	-1,896	-1,050
NOK	4,185	13,036
– less NOK hedged through foreign currency loans	-3,760	-5,135
– less NOK hedged through derivatives	0	-4,221
Other currencies	3,118	1,732
Total	**24,893**	**25,672**

All else being equal, an appreciation in the Swedish krona of 42 percentage points as per 31 December 2019 against EUR would have affected shareholders' equity in the Group positively by SEK 86 M, negatively against CHF by SEK -42 M, positively against DKK by SEK 7 M, negatively against HUF by SEK -56 M and negatively against NOK by SEK -42 M.

Regarding the currency risk attributable to currency interest rate swaps, see the description below under Interest rate risks.

The Group hedges part of its translation exposure by means of currency hedging measures, consisting of external loans in foreign currency and derivative instruments. Over the year, goodwill was excluded as a hedged balance sheet item, contributing to a change year-on-year in the table above. There is an economic relationship between the hedged balance sheet items and the hedging instruments, in which the efficiency of the hedge is tested and adjusted monthly. The effects of the translation exposure and hedging measures have opposite values (negative/positive) and are reported under Other comprehensive income. The hedging instruments amounted to SEK –41,645 (–34,185) at year-end. No inefficiencies were reported during the year regarding hedges of net investments in foreign operations.

Interest rate risks

Interest rate risks relate primarily to the Group's interest-bearing net debt, which amounted to SEK 49,105 M (42,122) on 31 December 2019. The loan rate is tied to the market rate. .

Intrum has a strong cash flow which gives the Group the option of repaying loans or investing in portfolios. The Group's loans have a fixed interest term – currently about 46 months (30) for the entire loan portfolio.

A 1-percent increase in market interest rates during the year would have adversely affected net financial items by approximately SEK 397 M. A 5-percent increase would have adversely affected net financial items by SEK 1,986 M.

To establish an appropriate matching of currencies in the balance sheet and thus manage the currency risk between assets and liabilities, the Company uses currency interest rate swaps in which the Parent Company swaps liabilities in SEK and receives EUR at the same rate on both the start and maturity dates. In this way, the Company can maintain the desired level of hedging of shareholders' equity per currency while also maintaining an interest rate exposure in the same currency.

Liquidity risk

Liquidity risk is the risk of a loss or higher-than-expected costs to ensure the Group's ability to fulfil its short and long-term payment obligations to outside parties.

The Group's long-term financing risk is limited by confirmed loan facilities. The Group's objective is that at least 35 percent of total committed loans have a remaining maturity of at least three years and that not more than 35 percent of the total have a remaining maturity of less than 12 months.

In December 2019 a new agreement regarding a new syndicated loan facility of EUR 1,800 M was signed with a bank consortium of 14 banks. The facility has a duration of five plus one years and came into effect on 15 January 2020. In connection with this, the previous facility, agreed in June 2017, was annulled. The new loan facility contains operations-related and financial covenants, including limits on financial indicators. In addition, the new credit agreement includes covenants that may restrict, condition or prohibit the Group from incurring additional debt, making acquisitions, disposing of assets, making capital and finance lease expenditures, allowing assets to be encumbered, changing the scope of the Group's business and entering into a merger agreement.

During 2017, Intrum AB issued public bonds divided into four tranches of a total EUR 2,700 M and SEK 3,000 M. In 2018, Intrum issued a public bond for SEK 1,000 M. In 2019, Intrum issued an MTN bond of SEK 2,000 M, which was later increased by SEK 900 M. In November, Intrum issued another bond of SEK 1,100 M, upon which the MTN programme was fully utilised. In addition, Intrum issued two bonds of EUR 800 M and EUR 850 M, respectively, the liquidity was used to repay two bonds with variable interest rates (EUR 300 M and SEK 3,000 M), and to reduce a fixed-rate bond by EUR 750 M, all of the earlier bonds had been issued in 2017 and were due to mature in 2022. In December 2019, a bond of EUR 75 M was issued with a maturity of five years and three months. Consequently, Intrum has outstanding bond loans for a total SEK 41,644 M (34,254). In 2019, Intrum also issued a commercial paper that, at the end of the year, amounted to SEK 2,794 M (2,123).

The Group's aim is that the liquidity reserve, which consists of cash, bank balances and short-term liquid investments should amount to at least SEK 100 M more than the unutilised portion of committed lines of credit. The Group has deposited its liquid assets with established financial institutions where the risk of loss is considered remote. The Group's finance function prepares regular liquidity forecasts with the purpose of optimising the balance between loans and liquid funds so that the net interest expense is minimised without, for that matter, incurring difficulties in meeting external commitments.

The table below provides an analysis of the financial liabilities of the Group and the Parent Company broken down according to the amount of time remaining until the contractual maturity date. The amounts given in the table are the contractual, undiscounted cash flows. The amounts falling due within 12 months agree with the reported amounts since the discount effect is negligible.

Financial liabilities in the balance sheet – Group

SEK M	Within one year	2–5 years	Later than 5 years	Total
31 Dec 2019				
Accounts payable and other liabilities	5,541			5,541
Leasing liabliities	443	284	190	917
Liabilities to credit institutions	6,212			6,212
Bond loan	2,216	27,175	19,416	48,807
Commercial papers	2,794			2,794
Total	**17,206**	**27,459**	**19,606**	**64,271**
31 Dec 2018				
Accounts payable and other liabilities	4,262			4,262
Liabilities to credit institutions	3,105			3,105
Bond loan	1,929	27,491	9,700	39,120
Commercial papers	2,123			2,123
Total	**11,419**	**24,491**	**9,700**	**48,610**

Financial liabilities in the balance sheet – Parent Company

SEK M	Within one year	2–5 years	Later than 5 years	Total
31 Dec 2019				
Accounts payable and other liabilities	1,077			1,077
Liabilities to credit institutions	6,212			6,212
Bond loan	2,216	27,175	19,416	48,807
Commercial papers	2,794			2,794
Liabilities to Group companies	1,994	3,361		5,355
Total	**14,293**	**30,536**	**19,416**	**64,245**
31 Dec 2018				
Accounts payable and other liabilities	618			618
Liabilities to credit institutions	2,820			2,820
Bond loan	1,929	27,491	9,700	39,120
Commercial papers	2,123			2,123
Liabilities to Group companies	3,825	3,207		7,032
Total	**11,315**	**30,698**	**9,700**	**51,713**

Credit risks

Credit risk consists of the risk that Intrum's counterparties are unable to fulfil their obligations to the Group.

Financial assets that potentially subject the Group to credit risk include cash and cash equivalents, accounts receivable, portfolio investments, outlays on behalf of clients, derivatives and guarantees. For financial assets owned by Intrum, no collateral or other credit reinforcements have been received, with the exception of a certain portion of the Group's portfolio investments. The maximum credit exposure for each class of financial assets corresponds to the carrying amount.

Cash and cash equivalents

The Group's cash and cash equivalents consist primarily of bank balances and other short-term financial assets with a remaining maturity of less than three months. The Group has deposited its liquid assets with established banks where the risk of loss is considered remote.

Accounts receivable

The Group's accounts receivable from clients and debtors in various industries, and are not concentrated in a specific geographical region. The Group's largest client accounts for less than two percent of revenues. Most accounts receivable outstanding are with customers previously known to the Group and whose creditworthiness is good. For an analysis of accounts receivable by age, see Note 16.

Portfolio investments

As part of its portfolio investment operations, Intrum acquires portfolios of consumer receivables and tries to collect them. Unlike its conventional collection operations where Intrum works on behalf of clients in return for commissions and fees, in this case it assumes all the rights and risks associated with the receivables. The portfolios are purchased at prices significantly below their nominal value, and Intrum retains the entire amount it collects, including interest and fees.

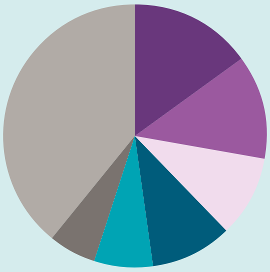
The acquired receivables are overdue and in many cases are from debtors who are having payment problems. It is obvious, therefore, that the entire nominal amount of the receivable will not be recovered. On the other hand, the receivables are acquired at prices significantly below their nominal value. The risk in this business is that Intrum, at the time of acquisition, overestimates its ability to collect the amounts or underestimates the costs of collection. The maximum theoretical risk is of course that the entire carrying value of SEK 28,508 M (24,830) would become worthless and have to be written off.

To minimise the risks in this business, prudence is exercised in purchase decisions. The focus is on small and medium-sized portfolios with relatively low average amounts, to help spread risks. The average nominal value per case is approximately SEK 19,895. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions have generally consisted of unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralised receivables. Since 2016, however, Intrum has also begun to acquire portfolios with underlying collateral, usually in the form of property mortgages. Intrum places high yield requirements on the portfolios it acquires. Before every acquisition, a careful assessment is made based on a projection of future cash flows (collected amount) from the portfolio. In these calculations Intrum benefits from its extensive experience in debt collection and from the Group's scoring methods. Intrum therefore believes that it has the expertise required to evaluate these types of receivables. To enable acquisitions of larger portfolios at attractive risk levels, Intrum has, on occasion, partnered with other companies such as Piraeus Bank and Ibercaja Banco to share the capital investment and return.

The currency risk is attributable to the translation of the balance sheet item Portfolio investments is limited due to currency hedging using loans in the same currency as the assets, and currency forwards. A considerable proportion of the acquisitions take place through forward flow agreements – that is, Intrum may have previously agreed with a company to acquire all of that company's accounts receivable at a certain percentage of their nominal value once they are overdue by a certain number of days. In most of these agreements, however, Intrum has the opportunity to decline to acquire the receivables if, for example, their quality decreases.

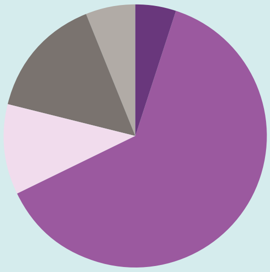
Risks are diversified by acquiring receivables from clients in different sectors and different countries. The Group's purchased debt portfolios include debtors in 24 countries. The Group's total carrying amount for purchased debt is distributed as follows:

Receivables by country



- Spain, 15% (12)
- Norway, 13% (13)
- UK, 10% (7)
- Germany, 10% (11)
- Sweden, 7% (8)
- France, 6% (8)
- Other countries, 39% (41)

Receivables by industry



- Telecom companies, 5% (6)
- Bank sector, 63% (63)
- Credit card receivables, 11% (10)
- Other financial operations, 15% (14)
- Other segments, 6% (7)

Of the total carrying value on the balance sheet date, 25 percent represents portfolio acquisitions in 2019, 20 percent acquisitions in 2018, 18 percent acquisitions in 2017 and 10 percent acquisitions in 2016. The remaining 27 percent relates to receivables acquired in or before 2015, which have therefore been past due for more than four years. In the case of a large share of the oldest receivables, Intrum has reached agreement with the debtors on payment plans.

Outlays on behalf of clients

As an element in its operations, the Group incurs outlays for court fees, legal representation, enforcement authorities, etc., which can be charged to and collected from debtors. In many cases Intrum has agreements with its clients whereby any expenses that cannot be collected from debtors are instead refunded by the client. The amount that is expected to be recovered from a solvent counterparty is recognised as an asset in the balance sheet on the line Other receivables.

Derivative contracts

The Parent Company and the Group hold forward exchange contracts to a limited extent. The credit risk in the Group's forward exchange contracts is because the counterparty generally is a large bank or financial institution that is not expected to become insolvent. On the balance sheet date, assets regarding forward exchange contracts were valued at SEK 204 M (229), and liabilities at SEK 356 M (29). See Note 33 regarding the possibility of offsetting receivables and liabilities for derivative contracts.

The contracts have short maturities, typically one or more months. All outstanding forward exchange contracts are restated at fair value in the accounts, with adjustments recognised in the income statement. The purpose of these forward exchange contracts has been to minimise exchange rate differences in the Parent Company attributable to receivables and liabilities in foreign currency.

Outstanding forward exchange contracts at year end in the Parent Company and in the Group comprise the following currencies:

Currency	Local currency, buy	Hedged amount, sell
CHF	68,500,000	0
CZK	675,000,000	0
DKK	116,000,000	-50,000,000
EUR	1,583,200,000	-30,500,000
GBP	7,000,000	-157,000,000
HUF	25,420,000,000	-500,000,000
NOK	250,000,000	-330,000,000
PLN	6,000,000	-188,000,000
RON	19,000,000	0
SEK	1,591,165,680	-19,132,747,088

The Parent Company and the Group also hold currency interest rate swaps that were signed in connection with the Parent Company's issue of bonds in SEK. To achieve suitable currency matching between assets and liabilities, liabilities in SEK were exchanged to EUR at the same rate on the starting date and the date of maturity.

Payment guarantees

The Group offers services whereby clients, against payment, obtain a guarantee from Intrum regarding the clients' receivables from their customers. This entails a risk being incurred that Intrum must compensate the customer for the guaranteed amount in the event that the invoices are not paid on time. In those cases where the guarantee comes into play, Intrum assumes the client's claim against its customer and takes over the continued handling of the case within the Portfolio Investments area of operations. At the end of the year, the total amount guaranteed was SEK 92 M (120). Intrum's risk in this business is managed through strict credit limits and analyses of the borrower's credit status. At the end of the year Intrum had allocated SEK 1 M (1) in the balance sheet to cover payments that may arise due to the guarantee.

Note 34 Acquisitions of operations

In the cash flow statement, SEK 5,135 M (8,587) is reported as acquisitions of subsidiaries and joint ventures.

In 2019, Intrum agreed with Piraeus bank to acquire 80% of the bank's platform for management of overdue receivables for a cash payment of SEK 3,187 M and a possible deferred purchase price, which Intrum at the time of acquisition valued at SEK 310 M.

In the second quarter, Intrum acquired 80 percent of the shares in the Spanish company Solvia Servicios Inmobiliaros for an amount of SEK 1,937 M. Intrum gained a controlling influence over the acquired company on 24 April 2019.

For 2018, the amount relates to the acquisition of 51 percent of the shares in Intrum Italy Spa for an amount of SEK 1,883 M, the acquisition of 100 percent of the shares in Northwind Investment Holding Sl for an amount of SEK 1,787 M, the acquisition of Iplatform Consultoria e Participacoes SA for an amount of SEK 15 M, and the acquisition of profit participating notes in Ithaca Investment DAC for an amount of SEK 4,902 M (recognised as participations in a joint venture).

Acquisition

Solvia

During the quarter, Intrum acquired Solvia Servicios Inmobiliaros (Solvia) from Banco Sabadell. The acquisition entails Intrum acquiring 80 percent of the shares in Solvia while Banco Sabadell retains 20 percent. Solvia is one of Spain's leading suppliers of real estate management services.

The following preliminary acquisition analysis was prepared in connection with the acquisition:

SEK M	Carrying amounts before the acquisition	Fair value adjustments	Fair value
Client relationships	0	708	708
Other tangible and intangible fixed assets	603	–116	487
Deferred tax asset	23	98	121
Other receivables	1,353	–398	955
Cash and bank balances	337		337
Deferred tax liability	0	–177	–177
Other liabilities and provisions	–403	–12	–415
Net assets	**1,913**		**2,016**
Non-controlling interests			–404
Paid in cash			1,937
Deferred purchase consideration			625
Goodwill			950
Cash and cash equivalents in acquired companies			337

Acquisition

Piraeus Bank Recovery Business Unit

In the second quarter, Intrum agreed with Piraeus Bank to acquire the bank's platform for management of overdue receivables. The transaction was completed in the fourth quarter, and the acquired business has been consolidated from the date on which Intrum gained a controlling influence, 1 October 2019. The operations have been separated from the bank and consolidated by Intrum in separate legal entities, in which Intrum has acquired 80 percent of the shares.

The following preliminary acquisition analysis was prepared in connection with the acquisition:

SEK M	Carrying amounts before the acquisition	Fair value adjustments	Fair value
Client relationships	3,236	–991	2,245
Other intangible fixed assets	426	–426	0
Tangible fixed assets	235		235
Deferred tax asset	19	340	359
Other receivables	56		56
Cash and bank balances	38		38
Other liabilities and provisions	–302		–302
Net assets	**3,708**		**2,631**
Non-controlling interests			–526
Paid in cash			3,187
Deferred purchase consideration			310
Goodwill			1,431
Cash and cash equivalents in acquired companies			38

Note 35 Critical estimates and assumptions

To be able to prepare the accounts in accordance with generally accepted accounting practices, company management and the Board of Directors must make assessments and assumptions that affect reported income and expense items, asset and liability items, as well as other disclosures. Management has discussed with the Audit Committee the Group's critical accounting principles and estimates as well as the application of these.

Estimates and assumptions are continuously assessed on the basis of historical experience and other factors, including expectations of future events considered reasonable under prevailing conditions. Actual outcomes may vary from the assessments made.

The areas in which estimates and assumptions could entail significant risk of adjustment in the recognised amounts for assets and liabilities in future fiscal years are primarily the following:

Impairment testing of goodwill
As indicated in Note 10, an impairment test of goodwill was done prior to the preparation of the annual accounts. The geographical regions are judged to achieve a sufficient degree of integration that they form combined cash generating units. Recoverable amounts for cash generating units have been established by calculating their value in use. The assumptions and assessments made with regard to expected cash flows and discount rates in the form of weighted average cost of capital, as well as a sensitivity analysis are detailed in Note 10. Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Portfolio investments
As indicated in Note 14, the recognition of portfolio investments in overdue receivables is based on the Company's own projection of future cash flows from the acquired portfolios. Although the Company has historically had good projection accuracy with regard to cash flows, future deviations cannot be ruled out.

The Group applies internal rules and a formalised decision-making process in the adjustment of previously established cash flow projections. These entail, among other things, that cash flow projections are only in exceptional cases adjusted in the first year of ownership of a portfolio. Furthermore, an amendment of the cash flow projection normally requires an agreement between local management in the country in question and the Group's risk department. All changes in cash flow projections are ultimately decided on by a central revaluation committee.

Sales of portfolio investments
The Group has occasionally sold certain portfolios of purchased debt. Divestments of portfolios are not included in the business model for this asset category. Intrum has assessed the transactions and concluded that a sale of purchased debt should be recognised in the same way as if an amount equivalent to the selling price had been collected as part of normal operations. For Intrum's accounting, it does not matter if the same amount is received through collection from debtors or by sale to an external party. The entire sale price for the portfolios sold has been reported as the amount collected on purchased debt, and the entire carrying value remaining prior to the sale has been reported as amortisation of purchased debt.

Useful lifetimes of intangible and tangible fixed assets
Group Management establishes assessed useful lifetimes and thus consistent amortisation and depreciation for the Group's intangible and tangible fixed assets. These estimates are based on historical knowledge of equivalent assets' useful lives. Useful life and estimated residual values are tested on each balance sheet date and adjusted when necessary. Recognised values for each balance sheet date for intangible and tangible fixed assets, see Notes 10 and 11.

Assessment of deferred tax assets
Deferred tax assets for tax-loss carryforwards or other future tax deductions are recognised to the extent it is deemed likely that the deduction can be made against future taxable surpluses. Carrying amounts for deferred tax assets on each balance sheet date are provided in Note 8.

Accounting of Polish investment funds
The Group has operated in Poland since 2006 through investment funds designed for the purchasing and holding of portfolio investments. From the Group's perspective, the funds function in practice as a subsidiary. Against this backdrop, Intrum has resolved to consolidate the investment funds as a subsidiary in the consolidated financial statements.

Joint venture
As stated in Note 13, in 2018, the Intrum Group invested in profit participating notes issued by the Irish company Ithaca Investment DAC. Through its holding in the profit participating notes and the wording of the agreement, Intrum holds a position closely corresponding to that of a shareholder in the company, and the consolidated accounts therefore treat the profit participating notes as though they were an equity instrument issued by Ithaca Investment DAC. Although Intrum's holding corresponds to 80 percent of the profit participating notes issued shareholder loans, through an agreement with another investor holding 20 percent of the profit participating notes, the two parties share a controlling influence, and Intrum therefore reports the investment according to the rules for joint ventures.

Provisions for restructuring
As shown in Notes 3, 22 and 24, Intrum made provisions for future expenses in 2019, mainly for restructuring. These provisions have been made in accordance with the rules in IAS 37 Provisions, contingent liabilities and contingent assets. Among other things, these rules entail provisions only being made when Intrum has an existing liability or obligation as a result of events that have occurred. For restructuring, this only applies when a formal detailed plan has been drawn up and communicated to those concerned in sufficient detail that they have known or can be expected to have anticipated, by the balance sheet date, the termination of their employment. Also under other circumstances, provisions are made and costs expensed only when Intrum has an existing liability in the form of a legal or informal obligation to pay, by the balance sheet date, for goods or services received.

Acquisitions
In 2019, Intrum entered into agreements on acquisitions, in particular the acquisition of Solvia in Spain and the companies acquired through the partnership with Piraeus Bank in Greece. The acquisitions and acquisition analyses are detailed in Note 35. The acquisitions were large and complex, and the acquisition analyses may be adjusted in upcoming quarters.

Note 36 Related parties

In addition to associated companies and joint ventures, related parties include the Board of Directors and senior executives, according to Note 28, as well as close family members to these executives and other companies over which they can exert a significant influence.

All transactions with related parties are conducted on market terms and at arm's length.

In 2019, Intrum purchased services from LBHF Joint Ventures Ltd for SEK 6.2 M, from Sothernwood Consulting for SEK 0.6 M and from CSA services for SEK 0.4 M. Three individuals, including the country manager for the UK, Edward Nott, are members of the Board of LBHF Joint Venture.

In 2019, Intrum purchased services from Telecredit IFN SA for SEK 1.0 M. Catalin Feneleom Neagu is a shareholder in the company. In 2019, his involvement in Telecredit IFN was discontinued.

In 2019, Intrum purchased services from Telecredit IFN SA for SEK 1.0 M. Catalin Feneleom Neagu is a shareholder in the company. In 2019, his involvement in Telecredit IFN was discontinued.

"Although the Parent Company has close relationship to its subsidiaries, see Note 12, it has no transactions with other related parties.
Over the year, the Parent Company received SEK 380 M (214) in income from sales of services to Group subsidiaries, and incurred SEK 107 M (75) in expenses attributable to services purchased from subsidiaries."

Note 37 Reconciliation of key figures

SEK M	2019	2018
Items affecting comparability in revenues		
Positive revaluations of portfolio investments	920	795
Negative revaluations of portfolio investments	-892	-707
Impact from early termination of BPO contract	177	223
Total items affecting comparability in revenues	**205**	**311**
Items affecting comparability in operating income		
Positive revaluations of portfolio investments	920	795
Negative revaluations of portfolio investments	-892	-707
Integration costs Lindorff	-224	-352
Transaction costs for M&A	-274	-224
Impact from early termination of BPO contract	147	178
Impairment write-down of goodwill	-2,700	0
Efficiency Program	-656	0
Other reccurring items	-469	-212
Total items affecting comparability in operating income	**-4,148**	**-522**
Items affecting comparability by income statement line		
Revenues from clients	177	223
Positive revaluations of portfolio investments	920	795
Negative revaluations of portfolio investments	-892	-707
Cost of sales	-819	-60
Sales, marketing and administration costs	-834	-773
Impairment write-down of goodwill	-2,700	0
Total items affecting comparability in operating income	**-4,148**	**-522**

SEK M	2019	2018
Adjusted revenue		
Revenues	15,985	13,442
Items affecting comparability	-205	-311
Adjusted revenue	**15,780**	**13,131**
EBIT Adjusted		
Operating income (EBIT)	2,060	3,978
Items affecting comparability	4,148	522
Total EBIT Adjusted	**6,208**	**4,500**
Portfolio income excluding revaluations		
Portfolio income	4,877	3,464
Revaluations	-28	-88
Portfolio income excluding revaluations	**4,849**	**3,376**
Average carrying value		
Average carrying value receivables	26,669	22,990
Average carrying value joint ventures	5,643	2,373
Average carrying value real estate	1,534	145
Total average carrying value	**33,845**	**25,508**
Return including revaluations	**15**	**14**
Return excluding revaluations	**15**	**13**
Cash EBITDA		
EBIT	2,060	3,978
Deprecation	1,246	900
Amortization on portfolios	4,183	3,942
Cash EBITDA	**7,489**	**8,820**
Net Debt		
Liabilities to credit institutions	6,186	6,830
Bond loans	41,644	34,254
Provisions for pensions	387	263
Commercial paper	2,794	2,123
Cash and cash equivalents	-1,906	-1,348
Net Debt at end of period	**49,105**	**42,122**

Return on portfolio investments
Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item purchased debt. The ratio sets the service line's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. During the year, the definition of average book value for the full year was adjusted to be based on the average of the quarters instead of the opening and closing book value for the full year.

EBITDA
Operating earnings before depreciation and amortisation (EBITDA) are operating earnings after reversal of depreciation of fixed assets except portfolio investments.

Cash EBITDA
Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortisation and revaluations of portfolio investments are added back.

Items affecting comparability
Significant earnings items that are not included in the Group's normal recurring operations and that are not expected to return on a regular basis. These include revaluations of portfolio investments, restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programs, integration costs, ex traordinary projects, divestments, impairment of non-current fixed assets other than portfolio investments, acquisition and divestment expens es, advisory costs for discontinued acquisition projects, costs for relocation to new office space, termination nd recruitment costs for members of Group Management and country managers, as well as external expenses for disputes and unu sual agreements. Items affecting comparability are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

Adjusted operating earnings (EBIT)
Adjusted operating earnings (EBIT) are operating earnings excluding revaluations of portfolio investments and items affecting comparability.

Note 38 Discontinued operations

In connection with the merger between Intrum Justitia and Lindorff that was implemented on the 27th of June 2017 , Intrum undertook to the European Commission to divest Intrum Justitia's Norwegian subsidiaries, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries. In November 2017, Intrum agreed to divest these subsidiaries to a company in the Lowell Group, and the transaction was finalised in March 2018, in connection with which Intrum received the purchase consideration of SEK 7,511 M.

In the income statement, the subsidiaries being divested in accordance with the above have been reported in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as discontinued operations, with the comparative figures for previous years being recalculated.

Earnings from discontinued operations are stated below:

		Group
SEK M	2019	2018
Net revenues	-	415
Operating expenses	-	–335
Operating earnings (EBIT)	**-**	**80**
Net financial items	-	–7
Profit before tax	**-**	**73**
Taxes	-	–5
Earnings from discontinued operations	**-**	**68**
Loss on disposal including accumulated translation differences	-	**-141**
Total earnings from discontinued operations	**-**	**-73**

The loss on disposal includes transaction costs of SEK 126 M.

The above income statements include Intrum Justitia's Norwegian subsidiaries up until the 31st of March 2018, as well as Lindorff's Swedish, Finnish, Danish and Estonian subsidiaries up until the 31st of March 2018.

Not 39 Events after the reporting year

Buyback program
On 13 March 2020 the Board of Directors of Intrum AB (publ) resolved to initiate a share buyback program with the purpose to reduce Intrum's share capital through cancellation of the shares that are repurchased. Through the program, Intrum will return further funds to shareholders and it is the Board of Directors' assessment that this will give the company a more optimal capital structure. The maximum number of shares that can be repurchased is 12,554,132.

Impact of Covid-19 on Intrum's business
On 25 March 2020 Intrum informed that the effects of Covid-19 vary from market to market. To date, countries in southern Europe have been hardest hit by the ongoing virus outbreak, which has affected all aspects of society. Intrum's Strategic Markets business line is experiencing delays in cash flows due to general restrictions brought in across countries and reduced activity in legal systems in particular. The secured assets relating to the cash flows however remain. In other European markets however, the effect on Intrum's activities has been relatively limited.

Global events related to the spread of Covid-19 are expected to have negative impacts on the company's productivity and results for a period of time. Our preliminary assessment is that reported earnings will be affected to a greater extent than cash EBITDA, but it is currently too early to quantify the financial effects.

Intrum has decided to reduce the rate of investment and increase the yield requirements on new portfolio investments while also to a very limited extent review M&A projects. Reduced M&A activity and lower investment in portfolio activities frees up a greater degree of cash flow in the business.

As a result of the impact of Covid-19 on Intrum's business, updated financial targets will be communicated at the capital markets day, which is planned to be held in the coming autumn.

Proposed appropriation of earnings

The Parent Company's distributable funds are at the disposal of the Board of Directors as follows:

SEK	
Share premium reserve	17,441,835,284
Retained earnings	-2,612,982,535
Net earnings for the year	-687,077,416
Total	**14,141,775,334**

The Board of Director propose that the earnings be distributed as follows[1]:

SEK	
Dividend, 131,541,320 shares x SEK 11.00	1,440,354,520
Balance carried forward	12,701,420,814
Total	**14,141,775,334**

1) The total amount of the dividend payment and the amount carried forward as distributable retained earnings after the dividend pay-out, will be adjusted based on the amount of treasury shares held by Intrum at the record date for the dividend payment.

The Board of Directors' complete statement motivating the proposed disposition of earnings for the 2019 fiscal year will be presented in a separate document prior to the 2020 Annual General Meeting. It concludes, among other things, that the proposed dividend is in line with the Company's dividend policy and that the Board, having considered the nature, scope and risks of the Company's operations, as well as the Company's and the Group's consolidation requirements, liquidity and financial position in general, has found no indications that the proposed dividend is unjustified.

The Board of Directors and the President certify that the Annual Report has been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated accounts have been prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

The annual accounts and consolidated accounts give a true and fair view of the financial position and results of the Parent Company and the Group. The Board of Directors' Report for the Parent Company and the Group gives a true and fair overview of the operations, financial position and results of the Parent Company and the Group, and describes significant risks and uncertainties that the Parent Company and the companies in the Group face.

The annual and consolidated accounts were approved for publication by the Board of Directors and the President on 1 April 2020 and are proposed for approval by the Annual General Meeting on 6 May 2020.

Stockholm, 1 April 2020

Mikael Ericson
President and CEO

Per E. Larsson
Chairman of the Board

Magnus Yngen
Deputy Chairman of the Board

Hans Larsson
Board member

Kristoffer Melinder
Board member

Andreas Näsvik
Board member

Magdalena Persson
Board member

Liv Fiksdahl
Board member

Andrés Rubio
Board member

Ragnhild Wiborg
Board member

Our audit report regarding this Annual Report was submitted on 7 April 2020.

Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Audit report

To the general meeting of the shareholders of Intrum AB (publ), corporate identity number 556607-7581

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Intrum AB (publ) for the year 2019. The annual accounts and consolidated accounts of the company are included on pages 53-99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Income recognition

Description

Consolidated net revenues for 2019 amounted to SEK 15,985 M. As is evident from Notes 2 and 3 to the annual accounts, net revenues are distributed between the various revenue sources, including collection fees, commissions and fees, as well as amounts collected on portfolio investments less amortisation. The number of transactions in the various flows is extensive, which places high demands on the Company's internal controls and administrative processes. We have therefore assessed the income statement and the related IT systems as a particularly important area in the audit.

How our audit addressed this key audit matter

In our audit, we examined principles for revenue recognition, processes for significant revenue streams and related IT systems. We have, among other things, tested the Company's controls, performed an analytical review and evaluated the effectiveness of the Company's controls for IT systems of relevance for income recognition. On a random basis, we have also examined income against agreements and amounts paid in. Processes for programme development, programme changes and access management have been reviewed, as has the monitoring and handling of incidents. We have also reviewed the disclosures in the financial statements regarding income recognition.

Goodwill

Description

Goodwill is reported in the amount of SEK 33,358 M in the consolidated balance sheet as per 31 December 2019. Over the fiscal year, goodwill increased by SEK 303 M as a consequence of acquisitions during the year and currency effect, however reduced by recognised impairment losses. The Company tests, at least annually and when there is an indication of impairment, that the carrying values do not exceed the assets' recoverable amounts. The recoverable amounts are determined by calculating the value in use of each cash generating unit, in connection with which estimated future cash flows are discounted. The Company's cash flow forecasts are based on historical experience, business plans and other forward-looking assessments. The impairment test for 2019 resulted in an impairment of SEK 2,700 M in the Iberian Peninsula and Latin America region. A description of the accounting principles for goodwill is presented in Note 1 and the impairment testing, as well as critical estimates and assumptions are presented in Notes 10 and 35. As a consequence of the reported amounts being of material importance to the financial reporting and the assessments and critical assumptions required for the calculation of the value in use, we have assessed goodwill accounting as an area of particular importance in the audit.

How our audit addressed this key audit matter

We have assessed the Company's process for performing impairment testing. We have examined valuation methods and calculations, the reasonableness of the assumptions made and sensitivity analyses for changed assumptions supported by our valuation specialists. Comparisons have been made with historical results, and other companies in the same sector. The precision of previous forecasts has been evaluated. We have also reviewed the disclosures in the financial statements regarding goodwill.

Portfolio investments

Description

Portfolio investments is reported at SEK 28 508 M in the consolidated balance sheet as per 31 December 2019. Reporting follows the effective interest method, where the carrying value of each portfolio corresponds to the present value of expected future cash flows. The expected cash flows are discounted at an effective interest rate determined on the acquisition of the respective portfolios. Current cash flow projections and book values are monitored over the course of the year based on, among other things, achieved collection results, agreements reached with customers on instalment plans and macroeconomic information. Accounting principles for portfolio investments are presented in Note 1, critical estimates and assumptions are presented in Note 35, and a description of portfolio investments is given in Note 14. The Company's accounting of portfolio investments is considered to be a particularly important area in the audit due to reported amounts being of significance for the financial reporting and the portfolio valuations require the Company to make estimates, assumptions and judgements.

How our audit addressed this key audit matter
In our audit, we have, among other things, evaluated the Company's processes for valuing portfolio investments, related IT systems, the valuation models applied, and the reasonableness of the assumptions made in calculating effective interest rates. We have also reviewed the company's ongoing review of book values. We have also reviewed the disclosures in the financial statements regarding portfolio investments.

Other Information than the annual accounts and consolidated accounts
This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-52 and 103-114. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director
The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility
Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Intrum AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Ernst & Young AB, Box 7850, SE-103 99 Stockholm, was appointed auditor of Intrum AB (publ) by the general meeting of the shareholders on the 26 April 2019 and has been the company's auditor since the 25 April 2012.

Stockholm 7 April 2020

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant

Sustainability information

About the Sustainability Report

Reporting principles

This Annual and Sustainability Report integrates financial data with sustainability information. The Sustainability Report has been prepared in accordance with the Swedish Annual Accounts Act (ÅRL) and is designed in accordance with the Global Reporting Initiative (GRI) Standards, Core level. The report also constitutes Intrum's Communication of Progress (COP) at the Active level for the UN Global Compact and contains information on how Intrum contributes to the UN's Sustainable Development Goals and Agenda 2030. The Sustainability Report covers the period from 1 January 2019 to 31 December 2019. The preceding Sustainability Report was published on 4 April 2019.

The report includes disclosures regarding our view on sustainability, value creation and risks associated with issues related to the environment, social conditions, personnel, respect for human rights and anti- corruption. The Sustainability Report is accompanied by an auditor report on the statutory sustainability report confirming that the report was prepared in accordance with the Swedish Annual Accounts Act. The auditor's opinion is presented on page 109.

The report encompasses Intrum AB (publ) and our operations in 25 markets (see Note 12, pages 83–85).

Significant changes since the preceding reporting period

A sustainability report was prepared in accordance with the amendment in the Swedish Annual Accounts Act for the first time in 2017. The Sustainability Report was then prepared as an appendix to the Annual Report and thus constituted a separate report according to the Annual Accounts Act and the UN Global Compact's Communication of Progress. Intrum's first full calendar year following the merger of Intrum Justitia and Lindorff was 2018. In connection with this, the Sustainability Report was integrated into the Annual Report and has since followed the GRI Standards at the accounting level Core.

Contact persons

Chief Communications Officer Anna Fall, anna.fall@intrum.com
Sustainability Director Vanessa Söderberg, vanessa.soderberg@intrum.com

Sustainability governance

Intrum's strategic focus for the sustainability work is approved by the Board, which is also the highest decision-making body in the sustainability governance. The Group Management Team presents the strategy to the Board. The Group's sustainability work is conducted through the Chief Brand and Communications Officer. To simplify coordination and integration of the work in the Group as a whole, an operational Sustainability Integration Committee (SIC) was formed during the year. The committee is led by the Chief Brand and Communications Officer and the Sustainability Director, and in addition to them the committee also has representatives from our Credit Management Services and Portfolio Investments business areas, as well as from HR, Risk, Compliance, Finance and two of our country managers. The committee first met in the autumn of 2019, with materiality analysis and basic work for the strategy on its agenda.

Our purpose, values, mission and vision lay the foundation for Intrum's sustainability work alongside our Code of Conduct and related internal instructions. The Code of Conduct covers our employees, partners and suppliers. Other governance documents of significance for the sustainability work include our environmental instruction, HR instruction, privacy and data protection instructions, client and sales instruction and the instruction on anti money laundering and financing of terrorism.

Intrum's management model is based on a clear delegation and follow-up of powers and authorities, which pervades all business areas, staff units and control functions. More information on our governance model and control of compliance with our internal regulations can be found in the Corporate Governance Report on pages 42–51.

Framework for sustainability work

To contribute to a global responsibility with regard to sustainability, Intrum has, since 2016, been a signatory of the UN's Global Compact business initiative and its ten principles on human rights, labor, the environment and anti-corruption. These are implemented through our internal instructions and our Code of Conduct, which also governs our work in the area of sustainability. We also support Agenda 2030 and the UN's Sustainable Development Goals.

Stakeholder engagement

We interact with our stakeholders in various contexts daily. Through continuous discussions, we can be responsive to our stakeholders' expectations and develop our business in line with their expectations.

During the year, we held in-depth interviews with a selection of our largest shareholders, corresponding to more than 60 percent of the total shareholder base, regarding their expectations of our sustainability work today and in the future. The results of the interviews have had a major bearing on the development of the sustainability agenda. We will continue to develop and strengthen the dialogues with our stakeholders.

Our key stakeholders are those who are influenced by our operations to a substantial extent and who play a significant role in our operations. Our main stakeholders are customers, clients, employees, shareholders and society.

We interact with them in a variety of ways, including through individual conversations, broader discussions, surveys and questionnaires. The results of these conversations and dialogues have formed the basis of our materiality analysis and played a significant role in setting our sustainability agenda. We view stakeholder dialogues as a rewarding element in our operations, as they facilitate development in the desired direction.

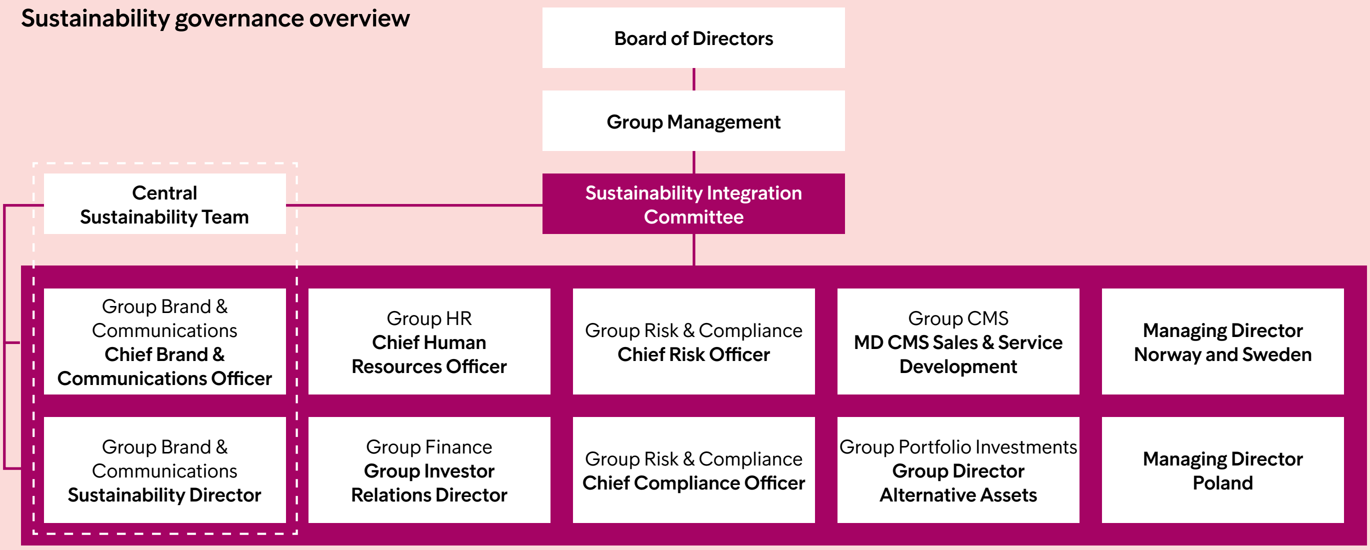
Customers

Our customers are the individuals in debt whom we meet in our day-to-day operations. They are our clients' customers, whose cases we take on when they pay late or fail to pay.

Examples of interactions

Annual focus groups, regular customer surveys, daily contact through our website, e-mail, phone and letters.

Sustainability governance overview



Important issues
Our customers expect and appreciate a personal response, that we display empathy and are able to identify individually tailored solutions. We are also expected to provide user-friendly tools and offer good accessibility.

Handling of issues
Our daily work is guided by our values: Empathy, Ethics, Dedication and Solutions. Our Code of Conduct incorporates our values, which guide us in our daily work and treatment of both customers and our other stakeholders. An effort is under way to formalise principles for how we behave ethically towards our customers.

Clients
Our clients are companies in various sectors, including banking and finance, telecom, energy and consumer products, for whom we help secure payment. Clients span all scales of enterprise, from multinational corporations to small and medium-sized companies.

Examples of interactions
Annual survey of satisfaction among clients, annual interviews and the European Payment Report, which is conducted annually.

Material issues
Regardless of their size and the sectors in which they operate, liquidity is essential for companies. How we treat their customers is also crucial as we are part of the customer's journey. In addition, our clients seek a professional partner offering user-friendly and customised solutions.

Handling of issues
We annually conduct a survey of our clients to be able to develop our operations to meet their expectations. Our daily work is guided by our values: Empathy, Ethics, Dedication and Solutions. Our Code of Conduct incorporates our values, which guide us in our daily work and treatment of both clients and our other stakeholders.

Society
Society is a broad stakeholder group including citizens and policy makers, consumers and companies, authorities and organisations, to name just a few.

Examples of interactions
Regular collaboration with the European Union's bodies, regular cooperation with local decision-makers, regular financial training initiatives.

Material issues
A well-functioning credit market for lenders and borrowers is the overarching significant concern. Priority issues entail helping individuals become debt-free, thereby improving their circumstances, while contributing to sound finances for companies. This is to be achieved applying a responsible and ethical approach.

Handling of issues
We annually conduct two surveys, the European Payment Report among more than 10,000 companies and the European Consumer Payment Report among more than 24,000 consumers. Through these surveys, we gain insights into how the credit market is perceived by companies and consumers, as well as the market's development. These are important insights for our own operations, but also for society in general. We collaborate with decision-makers at various levels for a regulatory development in a desired direction.

Shareholders
Our existing and potential shareholders.

Examples of interactions
Interviews with shareholders, quarterly reporting including road shows, meetings with shareholders, such as the General Meeting.

Material issues
Ethical collection, responsible selection of clients and debt portfolios, anti-corruption and a reduced climate footprint are among the issues highlighted as material. An increasing number of investors attach considerable importance to our work on sustainability-related risks.

Handling of issues
These are important questions for us, and we have a number of relevant steering documents to manage the issues. As an important first step regarding sustainability-related risks, these are incorporated into the Directors' Report's risk section in a clearer way. The work on sustainability-related risks continues to be developed internally.

Employees
In the 25 markets in which we operate, Intrum has some 10,000 employees in total.

Stakeholder influence

Meet expectations • Anti-corruption • Reduced environmental footprint • Diversity and inclusion • Data security • Sound economy for our clients	**Focus** • Ethical collection by treating customers fairly • Responsible selection of clients and portfolios • Attracting and retaining talents, including employee well-being
Maintain • Sound transactions • Responsible value chain and partnerships • Relations with decision makers and organisations • Favourable payment terms between companies	**Develop** • Increase financial literacy in society

Social, environmental and financial impact

Materiality analysis
The materiality analysis is presented in a new visual format and weighs in social, environmental and financial impact, and the stakeholder impact. The issues that are of the highest priority in the immediate period end up in the upper-right corner under the category "focus". In the upper-left corner under the category "meet expectations" are the aspects where we need to work to ensure that we meet our stakeholders' expectations of us. In the lower-left corner under "maintain" are the issues that are on our agenda, but currently do not require extra resources, and lastly, under "develop" are the areas that are important for future development where we can have an impact, but are not considered central to our stakeholders.

Examples of interactions
The annual employee survey MyVoice, the internal communication platform Workplace with daily interactions, daily on-going interactions and discussions.

Material issues
For our employees, the key, overarching concern is well-being. Material issues include the workplace environment and health, inclusion, skills supply and opportunities for development.

Handling of issues
Our employee survey is an important tool for ensuring the well-being of our employees. Every local team works with its result of the employee survey to meet the needs in the team, and this work takes place in the whole Group.

Materiality analysis
In 2019, the materiality analysis and the material aspects identified using stakeholder dialogues were developed. The work was prepared in the Sustainability Integration Committee (SIC). The material aspects have been clarified and the number of aspects have been reduced compared with the previous year.

This work resulted in 13 material aspects in the three overall strategic focuses.

Enable sustainable payments
- Ethical collection by treating customers fairly
- Responsible selection of clients and portfolios
- Sound economy for our clients
- Favourable payment terms between companies
- Sound transactions
- Increase financial literacy in society

Trusted and respected
- Anti-corruption
- Reduced environmental footprint
- Responsible value chain and partnerships
- Data security
- Relations with decision makers and organisations

Growing by making a difference
- Attract and retain talents, including employee well-being
- Diversity and inclusion

Sustainability data

Enable sustainable payments

Ethical collection by treating customers fairly

We attach extensive importance to treating our customers with empathy and respect for the individual's situation. This concerns both how we communicate with customers, but also how we handle cases. For us, this is a basic prerequisite for our clients to entrust us with their most important asset –their customers.

We are guided by our values Empathy, Ethics, Dedication and Solutions. Our Code of Conduct incorporates our values, which guide us in our daily work and treatment of both customers and our other stakeholders.

Work is under way to begin measuring customer satisfaction in a uniform way in our markets. We are also working to formalise principles for how we behave towards our customers.

Since the development of our values in 2017, we measure in our annual employee survey the degree to which our employees feel that we live according to our values. The employee survey is conducted among all employees and had an 84 percent response rate, which is slightly higher compared with the previous year (82).

Important internal steering documents
Code of Conduct

Company specific key performance indicators – Ethical collection

	2019	2018
Value index (0–100)	80	80
Number of finally paid debt cases (millions)	9.7	10.5

Responsible selection of clients and portfolios

For us, it is important to cooperate with clients that share our values of good business ethics. Our clients and portfolios form the core of our value chain, and we therefore choose our clients and portfolios with care. In practice, this means that we do not accept clients or portfolios whose invoices lack a legal foundation, that use unethical lending terms or aggressive sales methods, or are not considered ethical for other reasons.

Our sales instructions stipulate the criteria for how we choose our clients and portfolios. Before we begin collaboration with a client, a screening is done according to these criteria. In our register system of clients, we monitor the percentage approved after screening as of 2019.

Important internal steering documents
Code of Conduct
Sales instruction

Company specific key performance indicators– Selection of clients

	2019	2018
Percentage of new clients approved after review	94.5%	n/a

Sound finances for our clients

The core of our operations is about helping companies get paid for the goods and services they have sold. We offer our clients a long-term partner who enables development and growth. We strive to offer our clients good service and provide user friendly solutions.

Our daily work is guided by our values: Empathy, Ethics, Dedication and Solutions. Our Code of Conduct incorporates our values, which guide us in our daily work and treatment of both clients and our other stakeholders.

To understand how we can develop our approach, an independent survey is conducted each year to derive a satisfaction index. According to the latest survey, which was conducted in the autumn of 2019, the index was 73, which was in line with the preceding year. A total of 2,200 companies from 22 of our markets participated.

By helping our clients get paid for their goods and services by serving as a representative or buying portfolios, we generate financial value for them. We monitor this financial value, meaning how much money we have collected on behalf of our clients in our credit management services, and the value of the portfolios we have bought from clients and thereby freed them from their balance sheets.

Important internal steering documents
Code of Conduct

Company specific key performance indicators– Sound finances for our clients

	2019	2018
Client Satisfaction Index (0–100)	73	73
Financial value created for our clients (SEK billion)	67	69

Sound transactions

A growing problem in society is money laundering, and as an actor in the finance sector, which handles payments, we run the risk of being affected. We regularly review transactions that take place in the scope of our operations, and suspected transactions are reported to the relevant authority.

Important internal steering documents
Instruction for anti money laundering, the financing of terrorism and sanctions

Company specific key performance indicators– Sound transactions

	2019
Number of transactions reviewed	1046
Number of transactions reported	10

Increase financial awareness in society

Over-indebtedness involves those who find they experience recurring problems with not being able to pay for the goods and services they have purchased. In certain countries and among certain groups of people, knowledge about private finances and the consequences of paying on credit is low, and many people would like to learn more about these issues at young age. We see this as an opportunity and our responsibility to contribute to a higher level of knowledge concerning sound finances by actively sharing our knowledge in the scope of our daily operations and through targeted education initiatives.

We conduct a number of different educational initiatives in our various markets. During the year, we achieved our education initiative of around 14,000 people.

Important internal steering documents
Code of Conduct

Company specific key performance indicators– Education initiatives
Number of people reached by our education initiative: 14,000

Country	Description
Belgium	Through collaboration with the organisation "Vlajo", we have been involved in providing students financial education.
Denmark	During the year, a number of lectures were held at several upper-secondary schools to increase knowledge about credit and consequences of late payments.
Finland	Cooperation with Haaga-Helia University where one of the goals of the partnership is to increase financial knowledge among young people. We also provide educational materials for financial education through collaboration with SubjectAid.
France	A group of employees are ambassadors for a game called Dilemma that has been created by the partner organisation CRESUS. The game contributes to greater awareness about consumption, budgets and excessive debt, among other things.
Latvia	The country manager for the Baltics was invited to hold a lecture in economics to a women's network.
Norway	We provide financial support and cooperate with the Norwegian Red Cross in an initiative where we educate former convicts in personal finances.
Portugal	Educational initiatives at a university.
Spain	A financial education programme for students.
UK	For the past five years, we have cooperated with a school where we offered our internal training programme "Creditwise" to increase knowledge about personal finances and credit, and consequences of late payments.
Sweden	Spendido is an interactive digital lecture for upper-secondary school students and their teachers in Sweden, through which they can learn about issues related to credit and indebtedness.
Hungary	In 2017 we launched the annual competition "Zsebpénzügyes (Pocket-money)" for upper-secondary school students, in which they can test their knowledge on financial education and personal finance.

Favourable payment terms between companies

We know that late payments have negative consequences for companies. Through our payment periods to suppliers, we have a direct impact, and we also work proactively to indirectly shorten the payment times towards companies and thereby contribute to their development and growth. This is through various activities with the goal of shortening payment times for companies.

Important internal steering documents
Code of Conduct

Trusted and Respected

Anti-corruption

As a player in 25 markets, we are, like other companies, exposed to corruption risks in our business. For us, applying zero tolerance of corruption is a matter of course, and our Code of Conduct and instructions against bribery and corruption guide our employees and others representing the Company in how we should act to manage this risk.

We annually conduct an overall evaluation of corruption risks in our entire business, which includes the following categories: risks linked to clients in the respective industries, geographic risks, internal risks, implementation risks. On an overall level, the risks are classified as average. No significant risks have been identified, but a high risk has been identified in relation to our operations in Brazil; and to outsourced activities and external cooperative partners outside Europe due to geographic risks.

Important internal steering documents
Instructions against corruption and bribes
Code of Conduct

GRI 205-3 Confirmed incidents of corruption and actions taken

	2019	2018
Confirmed incidents of corruption and actions taken	0	0

GRI 205-1 Operations assessed for risks related to corruption

	2019	2018
Share of operations assessed for risks related to corruption	100%	n/a

Company specific key performance indicators– Whistle-blower mechanism

	2019	2018
Number of cases in the whistle-blower mechanism "Code of Conduct Hotline" that have led to action taken	2	1

In 2019, two incidents were reported via the whistle-blower function prompting further investigation and measures. Although these incidents were not in violation of the law, they were found to be in contradiction of our Code of Conduct and involved an investigation of harassment and the handling of conflicts of interest.

Data security

Given the large amount of data on customers and clients that we handle, data security and data management represent one of our most important sustainability issues. We have both a legal and an ethical responsibility to handle sensitive data in a manner guaranteeing respect for personal privacy, and paying due consideration to the human right of freedom from arbitrary interference with privacy. Incorrect use of sensitive details or loss of data could cause great harm to the individuals affected, as well as to clients and to us as a company.

Important internal steering documents
Information security instructions
Privacy policy
Privacy governance

GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data

	2019	2018
The number of substantiated complaints concerning breaches of customer privacy and losses of customer data	9	n/a

In 2019, nine investigations were initiated by supervisory authorities in four of our operating countries (Finland, Spain, Belgium, Hungary). Of these nine investigations, three were concluded without action by the supervisory authority. The remaining matters are on-going. Six of these matters were initiated due to complaints from the registered person. One decision was sentenced by a supervisory authority regarding failure to comply with the basic data protection principle of transparency and fairness. The decision was appealed to a court by Intrum and the first review will take place in 2020.

Relations with decision makers and organisations

Both nationally and internationally, we are engaged in dialogues with legislators, authorities and sector organisations. We consider participating actively in the debate on current issues in the sector and helping develop new credit management regulations as one of our most important tasks as a good corporate citizen. In this way, we are driving the future development of our industry in a sustainable direction.

Important internal steering documents
Code of Conduct

Company specific key performance indicators– Activities for maintaining relationships with decision-makers

Country	Description
Belgium	We have been involved in the founding of the interest group "Socrem", which wants to unite the credit management sector and collaborate with its stakeholders to shape the credit management services industry in a more sustainable direction. We also actively participated in lobby work with decision-makers and other stakeholders in connection with a new legislative proposal from the Belgian government where we recommended possibilities for voluntary repayment plans.
Denmark	Member of a trade association through which we contributed to change in legislation linked to government claims.
Finland	Member of a trade association for Finnish credit management companies through which we were consulted by decision-makers in connection with new legislative proposals.
Latvia	Member of a local trade association through which we work to promote the regulatory environment.
Lithuania	Collaboration with trade associations and NGOs, and the Latvian and Swedish chambers of commerce in Lithuania. Through this, we actively participate to drive the regulatory development forward through, for example, statements on legislative proposals.
Netherlands	We collaborate with a parliament committee to promote the regulatory development of the industry.
Norway	Upon invitation by Norway's Ministry of Justice, we actively participated in submitting proposals in connection with new legislation in the industry.
Poland	During the year, we coordinated two meetings with decision-makers, authorities and the trade association PZZW. The objective of these meetings was to create collaboration and discuss legislative proposals.
Switzerland	We have a leading role in the local trade association through which we worked for the development of laws.
Slovakia	Members of the trade association ASINS (association of Slovakian credit management companies) where the local country manager is currently the chairman. We cooperate with the Slovakian central bank in, for example, consultations on ethical collection operations. Collaboration with the Ministry of Justice in connection with new legislative proposals.
Spain	We are members of a national trade association where the local country manager is the chairperson. We conduct activities in several initiatives to promote legislation in the industry as Spain's credit management market is unregulated.
Sweden	Initiator of "30-dagarsklubben", a voluntary code for shorter payment terms between companies. Active members of the Swedish Financial Supervisory Authority's network "gilla din ekonomi" whose purpose is to contribute to increased knowledge of personal finances in Sweden.
United Kingdom	We cooperate closely with decision-makers at various levels, such as through membership in several industry-relevant trade associations. We are on the board of the member organisation "The Money Advice Liaison Group", which collaborates with organisations to improve the life situation for individuals in debt.
Czech Republic	Membership in local trade association.

Country	Description
Germany	Active members in several trade associations, chamber of commerce and panels of experts.
Hungary	Close cooperation with decision-makers at various levels through regular contact with the central bank and the ministry of justice, among others. We are also members of a national trade association.
Austria	Members of the Austrian Collection Association (IVÖ) through which we are involved in lobby work.

Reduced environmental footprint

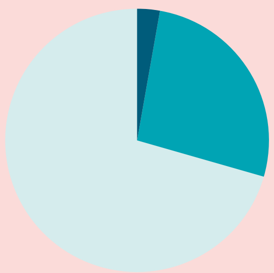
Climate change is one of the greatest challenges of our time. Business and industry can play an important role in reducing the environmental and climate impact, and we consider it our responsibility to minimise our impact where we have the opportunity. Our impact on the environment mainly takes place through our business travel and the energy supply to our offices.

Our starting year for measuring the climate and environmental footprints of our operations within scopes 1, 2 and 3 of the Greenhouse Gas Protocol was 2018. During the year, we developed the process through a digital platform for data gathering.

Important internal steering documents
Environmental instruction
Travel policy
Instruction for company cars
Code of Conduct

Data to calculate our greenhouse gas emissions in scope 1, 2 and 3 has been gathered from the offices that have been part of the Group for at least six months of the year, where we have more than 15 employees. The data have been gathered through own measuring systems, invoices and in limited cases through estimates based on data from previous years and months. The emission factors used to calculate carbon dioxide equivalents have been obtained from fuel suppliers, the Swedish Environmental Protection Agency, the Association of Issuing Bodies (AIB), the Department of Environment, Food and Rural Affairs (DEFRA), the World Wide Fund for Nature and the Green House Gas (GHG) Protocol.

Our climate footprint, CO_2e[1] emissions



Scope 1, 174 tonnes (3%)
Scope 2, 1,815 tonnes (27%)
Scope 3, 4,819 tonnes (71%)

Total tCO_2e emissions: 6,808[2]

Scope 1 pertains to emissions from cars that we own.
Scope 2 pertains to emissions from energy consumption at our offices and includes consumption of electricity, heat and cooling.
Scope 3 pertains to emissions from business travel, including by air and rail.

1) GWP 100 (IPCC 2014).
2) Location-based.

GRI 305-1, 305-2 och 305-3 Emissions (tCO_2e)

	2019	2018
Scope 1	174	155
Scope 2	1,815	2,886
Scope 3	4,819	5,413
Total	**6,808**	**8,454**

Responsible value chain and partnerships

For us, it is important to cooperate with companies that share our values of good business ethics. Besides our clients and portfolios, which are the core of our supply chain, this also applies to the purchases we make for our offices, in the purchase of services and not least the partner networks we work with to serve our clients globally.

Important internal steering documents
Code of Conduct
Purchasing policy

Growing by making a difference

Diversity and inclusion

It is our conviction that increased diversity makes us more competitive. With operations in 25 countries and with employees speaking 34 languages, we are proud to be a multicultural company. As an employer, we do our utmost to treat all employees with respect and to afford equal development opportunities to all.

Important internal steering documents
Code of Conduct
HR instruction

GRI 405-1 Diversity of governance bodies and employees

	2019	2018
Gender distribution, Group Management Team		
Women	18%	23%
Men	82%	77%
Gender distribution, Board of Directors		
Women	67%	67%
Men	33%	33%
Gender distribution, employees		
Women	62%	63%
Men	38%	37%

Distribution of management positions with regard to gender and age

Age	Women	Men
<30	57%	43%
30–40	48%	52%
40–50	50%	50%
50+	42%	58%

Company specific key performance indicator– Spoken languages
We speak and can serve our customers and clients in 34 different languages in the 25 markets in which we are active.

Albanian	French	Kurdish	Portuguese	Swedish
Arabic	Greek	Latvian	Punjabi	Tamil
Bosnian	Hindi-Urdu	Lithuanian	Romanian	Czech
Danish	Dutch	Macedonian	Russian	Turkish
English	Icelandic	Norwegian	Serbo-Croatian	German
Estonian	Italian	Persian	Slovakian	Hungarian
Finnish	Catalan	Polish	Spanish	

Attract and retain talents, including employee well-being

Our ability to attract and retain talents goes hand in hand with the well-being among our employees. To attract talents and develop them within the company, we foster internal mobility and work actively to illuminate internal career paths. It is crucial that our employees be afforded sufficient resources, knowledge and opportunities to perform their duties, and we work continuously to ensure that we meet the needs of each individual in the regard. With us, all employees shall be able to enjoy their fundamental freedoms and rights.

Important internal steering documents
Code of Conduct
HR instruction

GRI 401-1 New employee hires and employee turnover

	2019	2018
Number of new hires	3,634	2,204
Personnel turnover	26%	28%

GRI 102-41 - Collective bargaining agreements

Share of employees covered by collective bargaining agreements.	>60%	50%

Company specific key performance indicators - Well-being among employees

	2019	2018	2017
Engagement Index	76	74	76
Sick leave	7%	6%	5%

Targets for 2019

● Achieved ◐ Partly achieved ○ Begun

	Status	Comment
Promote sustainable payments		
Expand the scope of training initiatives We want more people to get access to education in personal finance, which is why we strive to increase the availability of our educational efforts.	●	The number of educational initiatives in the Group has increased since 2018. As of 2019, the number of people reached by our initiatives is measured.
Increase customer satisfaction and develop measurement method We strive to increase the general satisfaction among our customers. We also want to increase the comparability of the customer satisfaction between our markets by developing our measurement method.	○	During the year, we conducted a survey to be able to develop our measurement method of customer satisfaction in our markets.
Increase client satisfaction Our clients have a generally high satisfaction with our work. From 0-100, we were rated 73 in 2018, and the goal is to increase satisfaction in coming years.	◐	We continuously strive to improve our service to our clients. Besides our annual survey among clients, we conducted a smaller survey to better understand our clients' needs and expectations of us. During the year, we worked to improve the cooperation with our clients through technical solutions, our communication and through greater focus internally. This resulted in us achieving a satisfaction index of 73 among our clients on a scale of 0-100 this year, in line with the 2018 level.
Respected and highly trusted		
Defining environmental and climate targets Based on the first extensive survey of our climate footprint in 2018, in 2019 we will formulate environmental and climate targets to reduce our negative impact.	●	The following environmental and climate target was defined in 2019: To achieve climate neutrality by 2030 and to reduce our total greenhouse gas emissions by at least 20 percent from 2020.
Strengthen the implementation of our Code of Conduct Through internal training efforts for our employees, we want to strengthen the knowledge of our prepared Code of Conduct and compliance to it.	●	As a part of this recurring work, a course was planned to be conducted among all of our employees regarding our Code of Conduct. The course was launched in January 2020, and the goal is for all employees to have attended the course before the end of the year.
Reinforced evaluation and monitoring of risks with respect to sustainability During the year, we will strengthen our follow-up of risks linked to sustainability through our risk tools that have been developed in 2018.	○	This work has begun during the year and its results will be reported in the Directors' Report's risk section. The work in this area is continuing.
Grow by making a difference		
Increase employee satisfaction The commitment index for 2018 decreased from 76 (2017) to 74. The goal is to actively work to increase commitment and satisfaction internally among our employees from this year's levels.	●	As a result of the work and activities in 2019 to increase the commitment among our employees, the commitment index increased from 74 in 2018 to 76 in 2019.
Strengthen the implementation of our values We annually survey how our employees feel that we live according to our values. It is an important measurement to ensure the implementation of our values. Through a number of internal activities, we will continue the work on our values in 2019.	◐	The value index remains at 80 out of 100 as in 2018. The work of strengthening our corporate culture is a constant effort that we continue to work on.
Formulate a plan for increased diversity and inclusion Diversity and inclusion are one of our material areas, and in 2019 we will formulate a plan to strengthen our ability to utilise our employees' various competencies, views and experiences.	◐	To support our managers in their role as ambassadors for the company's values, we elaborated new management principles during the year. These are tied to our value base and are designed to guide our managers in their daily work – Trust, Clarity, Change and Growth. These principles integrate diversity and inclusion. During the year, work was also begun to further formalise diversity and inclusion in our internal frameworks.

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Auditor's report on the statutory sustainability statement

To the Annual General Meeting of Intrum AB (publ), corporate identity number 556607-7581.

Engagement and responsibility
It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2019 on pages 20-37 and 103-108 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit
Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions
A statutory sustainability statement has been prepared.

Stockholm, 07 April 2020

Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

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Definitions

Result concepts, key figures and alternative indicators

Consolidated net revenues
Consolidated net revenues include external credit management income (variable collection commissions, fixed collection fees, debtor fees, guarantee commissions, subscription income, etc.), income from portfolio investments operations (collected amounts less amortization and revaluations for the period) and other income from financial services (fees and net interest from financing services).

Operating earnings (EBIT)
Operating earnings consist of net revenues less operating expenses as shown in the income statement.

Operating margin
The operating margin consists of operating earnings expressed as a percentage of net revenues.

Portfolio investments – collected amounts, amortisations and revaluations:
Portfolio investments consist of portfolios of delinquent consumer debts purchased at prices below the nominal receivable. These are recognized at amortized cost applying the effective interest method, based on a collection forecast established at the acquisition date of each portfolio. Net revenues attributable to portfolio investments consist of collected amounts less amortization for the period and revaluations. The amortisation represents the period's reduction in the portfolio's current value, which is attributable to collection taking place as planned. Revaluation is the period's increase or decrease in the current value of the portfolios attributable to the period's changes in forecasts of future collection.

Revenues, operating earnings and operating margin, excluding revaluations
The revaluation of portfolio investments in the period is included in consolidated net revenues and operating earnings. Revaluations are performed in connection with changes in estimates of future collections, and are therefore inherently difficult to predict. They have a low predictive value for the Group's future earnings performance. Consequently, Intrum also reports alternative key figures in which revenues, operating earnings and operating margin are calculated excluding revaluations of portfolio investments.

Organic growth
Organic growth refers to the average increase in net revenues in local currency, adjusted for revaluations of purchased debt portfolios and the effects of acquisitions and divestments of Group companies. Organic growth is a measure of the development of the Group's existing operations that management has the ability to influence.

Service line earnings
Service line earnings relate to the operating earnings of each service line, Credit Management and Financial Services, excluding common costs for sales, marketing and administration.

Service line margin
The service line margin consists of service line earnings expressed as a percentage of net revenues.

Return on portfolio investments
Return on portfolio investments is the service line earnings for the period, excluding operations in factoring and payment guarantees, recalculated on a full-year basis, as a percentage of the average carrying amount of the balance-sheet item purchased debt. The ratio sets the service line's earnings in relation to the amount of capital tied up and is included in the Group's financial targets. During the year, the definition of average book value for the full-year was adjusted to be based on the average of the quarters instead of opening and closing book value for the full year.

Adjusted operating earnings (EBIT)
Adjusted operating earnings (EBIT) is operating earnings excluding revaluations of portfolio investments and other items affecting comparability.

Adjusted Earning per share (EPS)
Adjusted EPS is calculated by adding back items affecting comparability in both our operating costs and ifnancial net taxed by a corporate tax rate of 22 per cent.

Net debt
Net debt is interest-bearing liabilities and pension provisions less liquid assets and interest-bearing receivables.

Cash EBITDA
Cash EBITDA is operating earnings after depreciation on fixed assets as well as amortisation and revaluations of portfolio investments are added back.

Non-recurring items (NRIs)
Significant income items 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 restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programmes, integration costs, extraordinary projects, divestments, impairment of fixed assets other than portfolio investments, acquisition and divestment expenses, advisory costs for discontinued acquisition projects, costs for relocation to new office space, termination and recruitment costs for members of Group Management and country managers, as well as external expenses for disputes and unusual agreements. Non-recurring items are specified because they are difficult to predict and have low forecast values for the Group's future earnings trend.

Items affecting comparability
Significant income statement items included in the Group's regular recurring operations and which may recur in any form, but which distort the comparison between the periods.

Expected remaining collections, ERC
Estimated remaining collections are the nominal value of expected future collections on the Group's portfolio investments.

Pro forma financial data including Lindorff
Pro forma financial information is issued for the Group as if Lindorff had been included in the Group for the entire period, as well as in the comparative figures. Pro forma earnings have been calculated by adding Intrum Justitia's and Lindorff's actual results for each period without making adjustments for the periods in which transaction costs would have been incurred if the acquisition had taken place at another time. Fair value adjustments made in the acquisition analysis on Intrum Justitia's acquisition of Lindorff are not recognised in earnings for any period, although they can be recognised as costs in the acquired legal entity.

Portfolio investments
Investments in portfolios of overdue receivables for the period, with and without collateral, and investments in properties held for sale, acquired together with portfolios of receivables.

Currency-adjusted change
With regard to trends in revenues and operating earnings, excluding revaluations for each region, the percentage change is stated in comparison with the corresponding year-earlier period, both in terms of the change in the respective figures in SEK and in the form of a currency-adjusted change, in which the effect of changes in exchange rates has been excluded. The currency-adjusted change is a measure of the development of the Group's operations that management has the ability to influence.

Beta
Measure of share price changes/fluctuations relative to the market as a whole, in the form of the OMX Stockholm index. Changes that precisely follow the index produce a beta of 1.0. A beta value below 1.0 means that the changes in the share have been smaller than those in the index.

Average number of employees
Average number of employees over the year as full-time equivalents.

Operating cash flow per share
Cash flow from operating activities divided by the average number of shares over the year.

Price/earnings ratio
Share price at year-end divided by earnings per share before any dilution.

Price/sales ratio
Share price at year-end divided by net sales per share.

Earnings per share
Earnings for the year attributable to Parent Company shareholders, divided by the average number of shares over the year.

Dividend payout
Dividends as a share of earnings for the year attributable to Parent Company shareholders.

Also see Note 38 on page 98.

Information for shareholders

Annual General Meeting
The Annual General Meeting of Intrum AB (publ) will be held on Wednesday, 6 May 2020 at 3:00 p.m. CET at the Company's offices at Hesselmans torg 14, Nacka, Sweden. Notification is made through an advertisement placed in Swedish national daily newspaper Svenska Dagbladet and in Post- och Inrikes Tidningar (official Swedish gazette). The notice and other information in preparation for the Annual General Meeting are also available at www.intrum.com.

Dividend
For the 2019 financial year, the Board proposes to the Annual General Meeting that a dividend of SEK 11 (9.50) per share be paid.

Financial information 2019

Annual General Meeting 2019	6 May
Interim report January–March	6 May
Interim Report January–June	23 July
Interim Report January–September	23 October

Additional information from Intrum
Financial reports are published in Swedish and English and can be ordered from Intrum AB, Communication Department, SE-105 24 Stockholm or via ir@intrum.com. The reports and other information from the Company are published on the Group's website www.intrum.com. Communications with shareholders, analysts and the media are a priority area. Intrum's earnings and operations are presented to analysts and investors in Stockholm after each interim report. In addition to these contacts, representatives of the Company meet existing and potential shareholders on other occasions, for example at one-on-one meetings and at share savings gatherings. Please visit our website, www.intrum.com, which, in addition to a broad presentation of the Group, offers an in-depth investor relations section with analysis tools and more.

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This Annual Report can be ordered in printed format via ir@intrum.com or from Intrum AB, Communication Department, SE-105 24 Stockholm. The Annual and Sustainability report can also be downloaded as a pdf via www.intrum.com.

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