

Strategic repositioning for sustainable competitiveness

intrum




Contents

About Intrum		Governance and control		Financial statements		Sustainability information	
Intrum in brief	2	Corporate Governance Report	40	Consolidated income statement	62	About the Sustainability Report	101
2020 in brief	8	Board of Directors	45	Consolidated balance sheet	63	Sustainability governance	101
Statement by the CEO	10	Group Management	47	Consolidated cash flow statement	64	Stakeholder engagement	102
Intrum's strengths	12			Consolidated statement of changes in shareholders' equity	65	Materiality analysis	103
Generating sustainable value for our stakeholders	14	Board of Directors' Report	51	Parent Company income statement	66	Sustainability targets and outcomes	103
Trends, driving forces and stakeholders	16	Risks and risk management	56	Parent Company balance sheet	66	Agenda 2030	103
				Parent Company cash flow statement	67	Sustainability data	104
Our clients and customers	22			Parent Company statement of changes in shareholders' equity	67	Index in accordance with the Annual Accounts Act	108
Our employees	26			Notes	68	Auditor's Combined Assurance Report	109
Our social contribution	31			Definitions	96	GRI Index	110
The share	36			Audit report	98	Information for shareholders	111
Five-year summary	38						

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

The 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 Agenda 2030. The Sustainability Report consists of pages 22–35 and 100–110. The Sustainability Report has been reviewed by EY, whose limited assurance statement can be found on page 109.

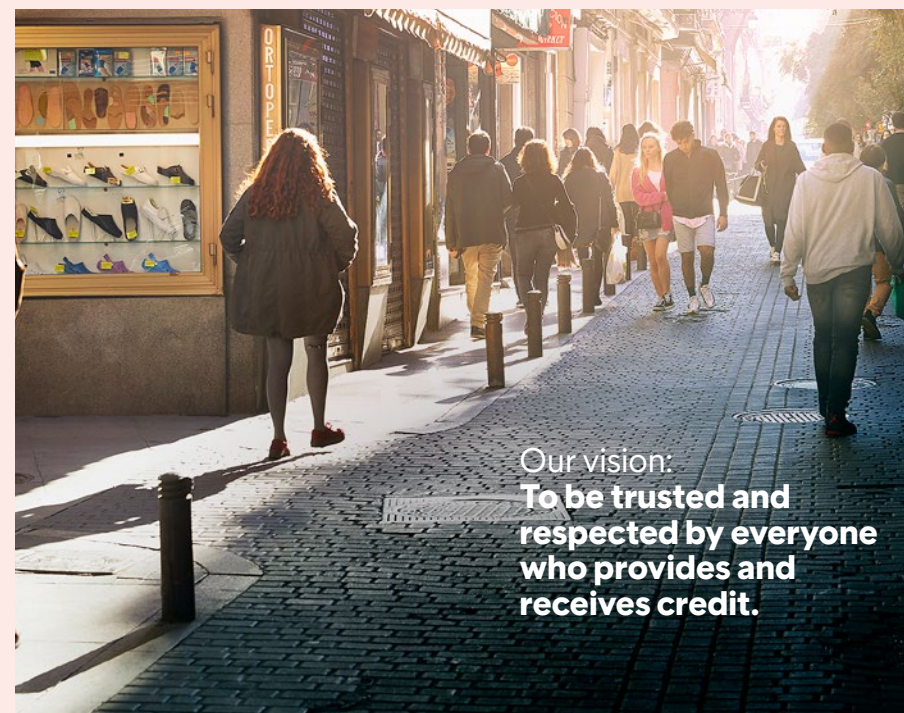

Follow Intrum on LinkedIn
 We help companies and individuals alike find solutions for a healthy economy.

Intrum in brief

Intrum's purpose is to lead the way to a sound economy. A market in which people and companies can efficiently provide and receive credit is a prerequisite for the business community to be able to function. 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 – while individuals are able to meet their payment commitments and thus improve their circumstances.

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

About 10,000 people work at Intrum. We help our clients prosper by caring for their customers. This is achieved through roughly 250,000 customer contacts that our employees engage in on a daily basis, helping individuals and companies to address their financial challenges and our clients to secure payment.



Our vision:
**To be trusted and
 respected by everyone
 who provides and
 receives credit.**



Europe 2020

In 2020, Europe awoke to a new reality. In January, the first reports were received of a new, unknown virus and what followed will be written in the history books. During the year, the Covid-19 pandemic swept across the world with major consequences for individuals and companies, as well as for society in general. Our purpose as a credit management company played a more important role. Leading the way to a sound economy for companies, individuals and society places great demands on innovative and practical solutions that generate value for all stakeholders. But it also demands empathy and respectful treatment of the people and companies who have ended up in a debt situation. Over the year, we did our utmost to help both companies and individuals return to a sound economy and to keep the wheels of Europe turning.

56%
of companies made the assumption, during the summer, that their country was either in a recession, or was expected to be so within a year, and were preparing for an economic downturn

41%
of all companies in the real estate and construction industry were forced to accept longer payment terms than normal to avoid bankruptcy

21%
of Europe's consumers borrowed money every month to pay bills



A new day-to-day life for European companies

For all companies, access to cash is business-critical. It is a matter of securing the operations today and tomorrow. For many European companies, 2020 was a difficult year in which some customers disappeared overnight in the wake of local restrictions and closures. This was particularly true for small and medium-sized companies. Many companies were also forced to accept longer payment terms than normal to avoid bankruptcy. The real estate and construction industry, in particular, was impacted severely by late payments.

Source: Intrum's European Payment Report 2020 and the European Consumer Payment Report 2020.



50%

of Generation Z respondents (18-21 years of age) said that their income had decreased due to Covid-19

40%

of Europe's low-income earners reported that they had lost income as a consequence of the crisis, compared with 35% of middle-income earners and 32% of high-income earners

64%

responded that they are saving more money now than before the pandemic

Although the pandemic affected everyone, the impact varied greatly

Every year we are in daily contact with hundreds of thousands of people in debt. We know that anyone can miss a payment. But losing your job overnight or suffering from a serious and long-term illness can be devastating for your personal finances. In this regard, creating an affordable payment plan and making it possible to sustainably address a financial challenge is crucial. As the year progressed, young people were particularly affected by the financial consequences of the pandemic. On the other hand, many people had fewer opportunities for consumption and were thus able to save more. Many people also showed a greater interest in increasing their personal finance skills.

Source: Intrum's European Payment Report 2020 and the European Consumer Payment Report 2020.

47%

of European consumers said that financial security had become one of their foremost priorities

47%

stated that their interest in sustainability has motivated them to consume less

40%

actively sought to improve their financial skills in order to prepare for financial uncertainty

The way towards a sustainable credit market

A functioning credit market is a prerequisite for a strong business community, as well as for an active and growing economy. Our mission is to help companies prosper by caring for their customers. By using our position and our unique insights, we can also help lead the way to a credit market that is sustainable in the long term. One insight from 2020 was that many people are keen to improve their understanding of personal finance. During the year we shared our knowledge and insights into the situation of European companies and consumers in the wake of the Covid-19 pandemic with legislators across Europe. We are proud to play this role and strive to develop continuously.

Life after the pandemic

Once Covid-19 has passed, the world will look different. In the wake of the pandemic, we see new consumption patterns emerging, with e-commerce and consumer credit continuing to increase. We are convinced that the credit market will play an increasingly important role in the future. With our vision of creating ONE Intrum, we stand prepared to meet this trend and to develop competitive new solutions that continue to lead the way to a sound economy for companies, consumers and society at large.

Source: Intrum's European Payment Report 2020 and the European Consumer Payment Report 2020.

"Today I'm free and wake up with a smile"

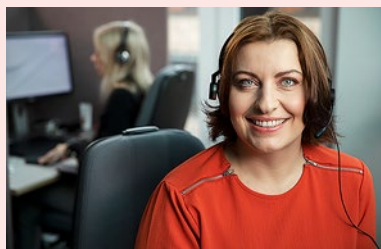
The path to becoming a customer of Intrum can look very different. For Kenneth, it all began with a bankruptcy many years ago.

Tell us about the circumstances that led to you being contacted by Intrum.

"Many years ago, I had a company that unfortunately went bankrupt. As a result, I found myself in financial difficulties, including debts at the Swedish Enforcement Authority. Then, one day, I received a letter from Intrum, which was a turning point. If I had not been contacted by Intrum then and there, I don't know what would have happened. I couldn't find any way out of my difficulty. When things were at their very worst, I was working virtually day and night and did not feel at all well. Today I have no debts left with the Enforcement Authority – I'm completely debt free and I have my life back. I can wake up in the morning without a headache or stomach ache, just with a smile. I even own my own home and can look forward to my retirement."

Had you ever heard of Intrum before you were contacted?

"I had heard about them, but had no clear perception of the company. The image I had of collection agencies in



Elma Herrenda,
Call centre agent



Kenneth, an Intrum customer

general was not a particularly favourable one. I had been in contact with several other agencies before Intrum and some were OK – but I often felt like I was only a number – or, even worse, a bad person. I never managed to speak with the same person twice. I've only had one contact at Intrum – there's no one like Elma!"

What does it take to get out of a situation like the one you found yourself in? What kind of help did you get?

"Intrum helped me really get to grips with my situation – helping me take care of myself through a difficult time in my life. They also made me feel like a good person, despite my financial problems – I felt seen. They showed me there was a way out of my debt situation and gave solid advice on practical steps I could take. They explained how to talk to the Enforcement Authority, for example, and even helped me contact them. Intrum provided great support throughout."

Can you describe the interaction with your case manager?

"Talking to my contact at Intrum is like talking to a good friend. Elma listens to me, and I do not feel like a number. Being in contact with the same person for a long time, you develop an almost personal relationship. It felt like the two of us worked together to resolve the situation. You can't describe it. Without her, I probably wouldn't be here today."

If you had a friend who was in financial difficulty and was nervous about a letter from Intrum, what would you say?

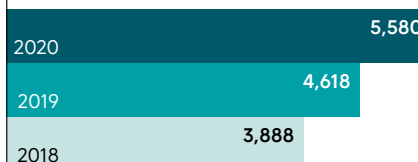
"Call Intrum! They will help you – and there is a way ahead, even though it may appear difficult right now. I would also advise them not to hold back – to really explain their financial worries to their contact. When you find yourself in financial trouble, it's important to realise you have a problem requiring a solution. If you do that, you'll get all the help you need."

2020 in brief

Cash revenues, SEK M



Cash EBIT, SEK M



Cash RoIC¹, %



Culture Index, 0-100



Client Satisfaction Index, 0-100



Employee Engagement Index, 0-100



Key figures

SEK M, unless otherwise indicated	2020	2019	2018	SEK M, unless otherwise indicated	2020	2019	2018
Cash revenues	21,377	20,160	17,073	Portfolio investments			
Cash EBITDA	11,607	10,656	9,236	Cash revenues	11,593	11,406	10,248
Cash EBIT	5,580	4,618	3,888	Cash EBIT	3,190	2,817	2,315
Cash RoIC, %	7.7	6.4	6.5	Portfolio investments	5,012	7,324	11,854
				Segment cash RoIC, %	9.0	8.4	8.5
Net debt/Cash EBITDA	4.0	4.3	4.3				
Operating earnings (EBIT)	4,695	2,060	3,978	Sustainable enterprise			
Items affecting comparability	-1,043	-4,148	-522	Proportion women/men in the Board of Directors, %	33/67	33/67	33/67
Adjusted operating earnings	5,738	6,208	4,500	Proportion women/men in Group Management Team, %	27/73	18/82	23/77
				Proportion women/men in the organisation as a whole, %	63/37	62/38	63/37
Credit management services				Total reported emissions, tCO ₂ e	6,196	6,808	8,454
Cash revenues	4,375	4,736	4,623				
Cash EBIT	1,596	1,793	1,781	The share			
Segment cash RoIC, %	8.1	8.6	8.9	Cash earnings per share	26.96	14.81	15.75
				Dividend per share, SEK	12.0	11.0	9.5
Strategic markets				Share price by year-end, SEK	216.8	279.4	205.7
Cash revenues	5,409	4,180	2,203				
Cash EBIT	2,539	1,575	1,273				
Segment cash RoIC, %	15.0	9.3	10.3				

1) Cash return on invested capital.

Events during the year



The Covid-19 pandemic

The Covid-19 pandemic affected the whole world in 2020, and Intrum was no exception. Beginning in March and over just a few short weeks, a majority of Intrum's employees switched to working from home and, by early April, 75 percent of the employees were working remotely. This also applied to the contact centres – with the rapid spread of the virus imposing extensive demands on the transition to a new way of working. Intrum's business model proved highly resilient – and was also aided by the loyalty and dedication of our roughly 10,000 employees.

ONE Intrum

The process of harmonising and streamlining the operations across all markets intensified, particularly in the second half of the year. A structured programme organisation was launched with the objective of creating "ONE Intrum". This entails coordinating and simplifying as many systems and working processes as possible, all with the aim of sharpening Intrum's client offering and laying the foundation for long-term organic growth. Globalising processes and support functions strengthens competitiveness and derives economies of scale from being Europe's largest player.

New President and CEO

In October, former CFO Anders Engdahl was appointed as Intrum's new President and CEO, and Mikael Ericson left the company after four and a half years. In November, Intrum arranged a capital markets day at which the ONE Intrum transformation programme was presented, together with new financial targets for the upcoming years – read more about this on pages 19–21.

Sustainability work

During the year, we also continued our efforts to integrate aspects of sustainability throughout the operations. A clear strategy was developed, as well as associated sustainability goals and key figures, and these were also presented at the capital markets day.

Statement by the CEO

ONE Intrum paves the way for long-term growth

ONE Intrum involves a global digital collection process based on a common infrastructure.

2020 was a challenging year. A year in which the Covid-19 pandemic changed conditions for the entire world. I am proud of how we at Intrum successfully managed to conduct our business, maintaining high standards of customer service, and at the same time transitioning to remote working for three quarters of our employees.

Since the outbreak of the pandemic in Europe at the beginning of 2020, the wellbeing of Intrum's employees has been our top priority. Put simply, we need to do this to be able to assist our clients and customers with relevant services and solutions. Given the challenging times we continue to face, I am deeply impressed by the professionalism of all colleagues and the sustained focus on clients and customers, which enabled us to deliver strong results for the full year.

Strong results despite challenging conditions

All key cash performance indicators and expected returns on purchased receivables improved during the year compared with 2019, and the year ended with a period of

strong new sales in the Credit Management Services segment. We entered 2021 with a record-breaking pipeline for our service offering, which shows an increased relevance and interest in our client offering. In Credit Management Services and Strategic Markets, however, we saw slightly lower inflows of new volumes against the backdrop of extended payment periods and delayed sales processes of portfolios with overdue receivables, which in turn had a negative effect on earnings for the full year.

Overall, Strategic Markets performed very well in 2020, with Greece making a strong contribution. Operations in Greece were consolidated for a full calendar year for the first time and performed in line with our original business plan, which is impressive given the pandemic. Results in the Portfolio Investment business were also strong throughout the year in all asset classes.

In November, we held a capital markets day during which we presented new financial targets for the coming years, (see page 21 for details). Our new targets reflect the strong underlying cash flow in our business and highlight the robust performance over time. This is especially true in periods such as 2020, when despite challenging market conditions, we achieved positive growth in all key cash indicators. We also chose to present this in relation to how much capital we have actually invested, which demonstrates the total



cash flow return we generate in the servicing and the Portfolio Investment business.

Accelerating towards ONE Intrum

In parallel with managing and dealing with the pandemic's impact on our operations, during the second half of the year we focused on accelerating our transformation programme designed to harmonise and simplify systems, processes, and working methods. Intrum's existing integrated business model and strong market position has been made possible through the growth in recent years, primarily through acquisitions and strategic partnerships. However, our current multi-local operating model needs to be changed to strengthen our long-term competitiveness, creating the conditions for continued organic growth and a good return on invested capital. This is why we launched the ONE Intrum transformation programme during the year, with the aim of becoming a truly global

company and taking advantage of the opportunities in the short and medium term, as well as in credit management and portfolio investments that we see in the market.

The transformation journey we have started is one of the most important steps we as a company have ever taken. ONE Intrum involves a global digital collection process based on a common infrastructure. As ONE Intrum, we will be able to strengthen our value proposition to clients and customers and at the same time significantly improve efficiency. The results of the transformation programme will create significant leverage as the market recovers from Covid-19. This, combined with improved scalability, will enable organic growth while maintaining attractive returns going forward.

For example, at the end of the year we went live with the multilingual contact centre in Athens, where cases are now handled in full. At the time of writing, approximately 20,000 customers are contacted on a daily basis. The opening of new multilingual contact centres in Bucharest and Malaga is progressing according to plan and we are in the process of recruiting skilled employees. In terms of our key figures for the transformation, we are successfully meeting targets for the number of migrated cases and reduced collection costs, and we expect to continue delivering against them. During the second half of 2021,

We are currently doing everything we can to help keep Europe's economic wheels turning.



we anticipate a significant number of cases will be transferred to the new platform.

Intrum's contribution to sustainable development in Europe

Access to well-functioning financial services to pay, borrow, finance, save and invest is an engine for the whole economy and a prerequisite for growth. Access to cash is business-critical for all companies. The pandemic has redrawn the rules of the game and created a new, and in many cases challenging, daily reality for European companies where their customers have in some instances disappeared overnight as a result of shutdowns. In our own annual surveys (European Payment Reports) we have seen, among other things, that small and medium-sized companies have been particularly affected and some sectors are more vulnerable than others. For example, many companies in the real estate and construction sector were forced to accept longer payment periods than normal to avoid bankruptcy.

Never before have we, as a credit management company, played a more important role than we do today. We are currently doing everything we can to help keep Europe's economic wheels turning. Intrum's purpose, to lead the way to a sound economy, offers considerable value to all our target groups: our clients, their customers, our employees, and for society as a whole.

During the second half of the year, we also set clear sustainability goals. These are strongly rooted in Intrum's business strategy and how we create value for our various stakeholders. Among other things, this is about measuring how we behave towards our customers. In these challenging times, our values Empathy and Ethics are more important than ever, and in 2020 we developed complementary guidelines to ensure a responsive and respectful approach. We have defined climate goals, measure client satisfaction and regularly follow up on how motivated and satisfied our employees are.

Intrum has been a member of the UN Global Compact since 2016. Therefore, we report how we apply the Compact's 10 sustainability principles every year, and we are constantly working to further integrate these principles into our business. We also continue to work at European and national level to, together with legislators and other actors, develop our industry in a sound and even more professional direction.

Positioned for growing demand with a record-strong pipeline

Near future prospects are somewhat uncertain in light of the pandemic's continued impact on individuals, societies, and its consequences in different countries, such as various political decisions linked to the pandemic that affect companies and individuals. At the same time, we note that our clients are increasing their share of unpaid receivables and are increasing their provisions for future credit losses, and many customers are more careful with their payments.

We are also seeing the beginning of a significant build-up of portfolio volumes of non-performing loans (NPL) in the European financial system and based on our conversations with clients, we expect sales and service volumes to increase gradually in 2021. It therefore feels very good that we, due to our good adaptability, managed to handle the pandemic in 2020, and with our transformation programme, have created favourable conditions for taking advantage of the organic growth opportunities that arise in the wake of the pandemic.

Strong value-driven culture and dedicated employees

I am impressed and proud of our employees who have really strongly delivered in an unpredictable and challenging period. I would like to thank them for their dedication and loyalty.

We see clear signs of increased business volumes in the coming years. When the effects of the pandemic subside, we first expect to see a normalization and then an increase in demand for our services as well as an increased range of portfolios with attractive returns as a result of the pandemic. In addition, we have a clear vision for a strengthened Intrum, which will benefit our clients, customers, employees, investors, and society. Intrum is equipped for continued growth with increasing returns and a healthy balance sheet. Based on this, we propose a dividend of SEK 12 per share.

I look forward to our very exciting transformation journey towards ONE Intrum, which will be a simple, scalable, digital, relevant, and growing company.

Stockholm, February 2021

Anders Engdahl
President & CEO

Intrum's strengths

We are realigning to continue our successful journey

Intrum has delivered stable dividends to its shareholders for the past 15 years. We are now transforming our operations fundamentally to continue delivering long-term sustainable and profitable organic growth.

A strong foundation from which to take the next step

Market leader with integrated business model

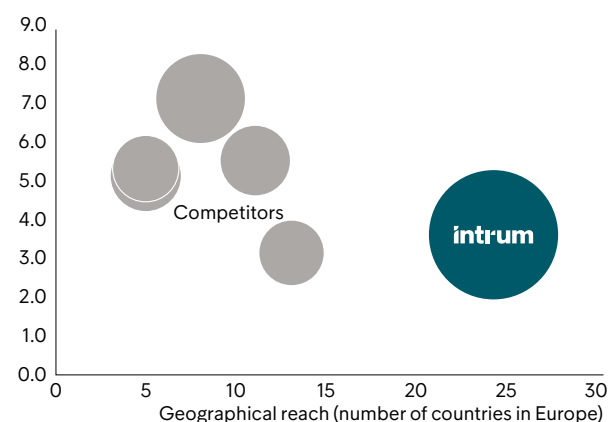
Intrum is Europe's largest company in credit management and purchased debt. We are the largest in terms of revenues and earnings, as well as in terms of our geographical presence and number of employees. This facilitates competitive offers to our clients and, with our geographical diversification, breadth of operations and spread of exposures between different asset classes, we provide a "one-stop shop" for our clients.

Broad geographical presence and strong market positions

We are established in 24 European markets (plus Brazil) and are the leading player, or among the "top-five", in all of these. Covering 98 percent of the European market for NPL portfolios, increases our opportunities for portfolio investments. Our broad geographical presence also allows us to offer services to pan-European clients in several markets.

Largest European player

Weighted average cost of financing, %

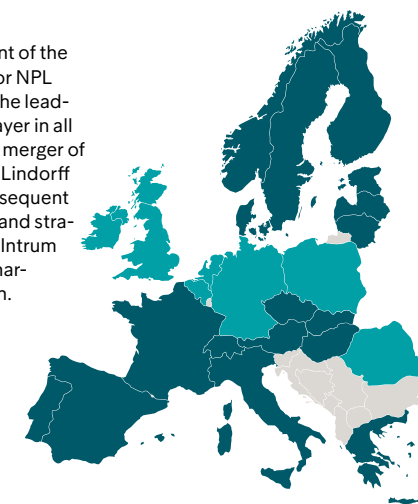


The bubbles correspond to the most recently reported cash revenues

Market-leading in Europe

- Market-leading
- Top-five

We cover 98 percent of the European market for NPL portfolios and are the leading or "top-five" player in all countries. With the merger of Intrum Justitia and Lindorff in 2017 and the subsequent years' acquisitions and strategic partnerships, Intrum has established a market-leading position.



One-stop-shop for our clients

Coverage	Value-added services		Product expertise			Services	
Pan-European	Information services	Invoicing and payment service	Credit services	Real Estate services	Portfolio Investments	Business process outsourcing (BPO)/Carve-outs	Co-investments

The breadth of our operations and our integrated business model enables competitive offerings and covers our clients needs at different times.

Large and growing customer base

Today, Intrum is a priority partner with a large, growing and loyal client base that includes some of Europe's leading financial players, major listed companies and thousands of small and medium-sized companies operating in various industries and sectors. Our large scale also increases our access to data, our opportunities to optimise collection strategies and models of portfolio investment by means of intelligent data analysis.

Long and relevant experience

Our extensive experience and expertise in late payments and analysis of portfolios of overdue receivables gives us an advantage. This allows us offer both specialist skills and to take on assignments throughout the credit management chain. In that way, we are able to meet our clients' different needs at different times.

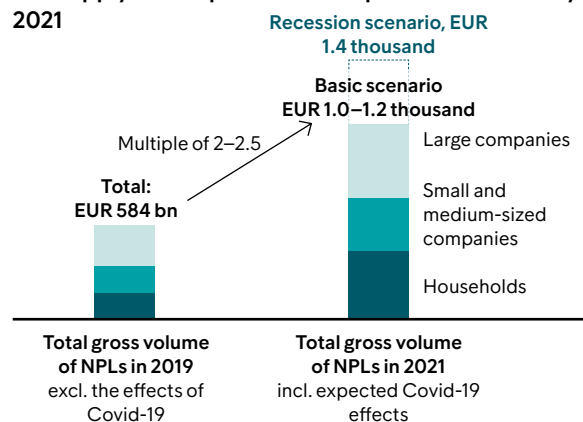
Tried and tested capacity to deliver

Our size and diversification strengthen the sustainability of our business model, which has proven particularly valuable during the current global Covid-19 pandemic when our cash flow has remained strong. Our strong underlying cash flow has contributed to a steadily increasing annual dividend over the past 15 years.

Trends and driving forces strengthen our business

As a market-leading, long-term and professional partner, we have an important role to play in a well-functioning financial ecosystem. Rapid technological development, digitalisation and regulation are changing the playing field in the market. This creates considerable potential for us,

The supply of NPL portfolios is expected to double by 2021



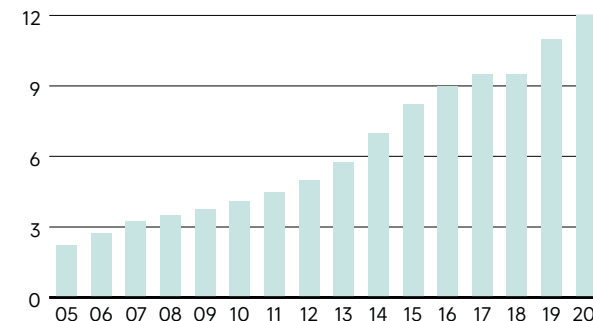
The supply of European NPL portfolios is expected to double as a consequence of the Covid-19 pandemic. Overall, the need for long-term players who handle overdue receivables ethically and professionally is increasing.

provided that we adapt our operations to best meet the expectations of our stakeholders. Our purpose, to lead the way to a sound economy, constitutes a solid foundation from which to meet the external community's demands on the credit management industry of tomorrow.

Strategic repositioning for the future

Our strengths make us well-equipped to take the next step. Through our ONE Intrum transformation programme, we will restructure our operations, thereby strengthening our long-term competitiveness and fostering condi-

Dividend per share, SEK



Intrum's strong underlying cash generation has underpinned a steadily increasing annual dividend over the past 15 years. Through the ONE Intrum transformation programme, we are now creating the conditions for continued profitable organic growth. ¹⁾ Proposed dividend.

tions for continued profitable organic growth. It is also crucial that we remain the first choice for clients who entrust us with handling overdue receivables with empathy and respect for each customer. Acting as a role model in sustainability gives us a competitive advantage. Our sustainability strategy and strategic sustainability goals are integral parts of our operations, which, alongside our updated financial targets, will help us continue delivering in accordance with our stakeholders' expectations of us.

Read more about our transformation and our targets on pages 19-21.

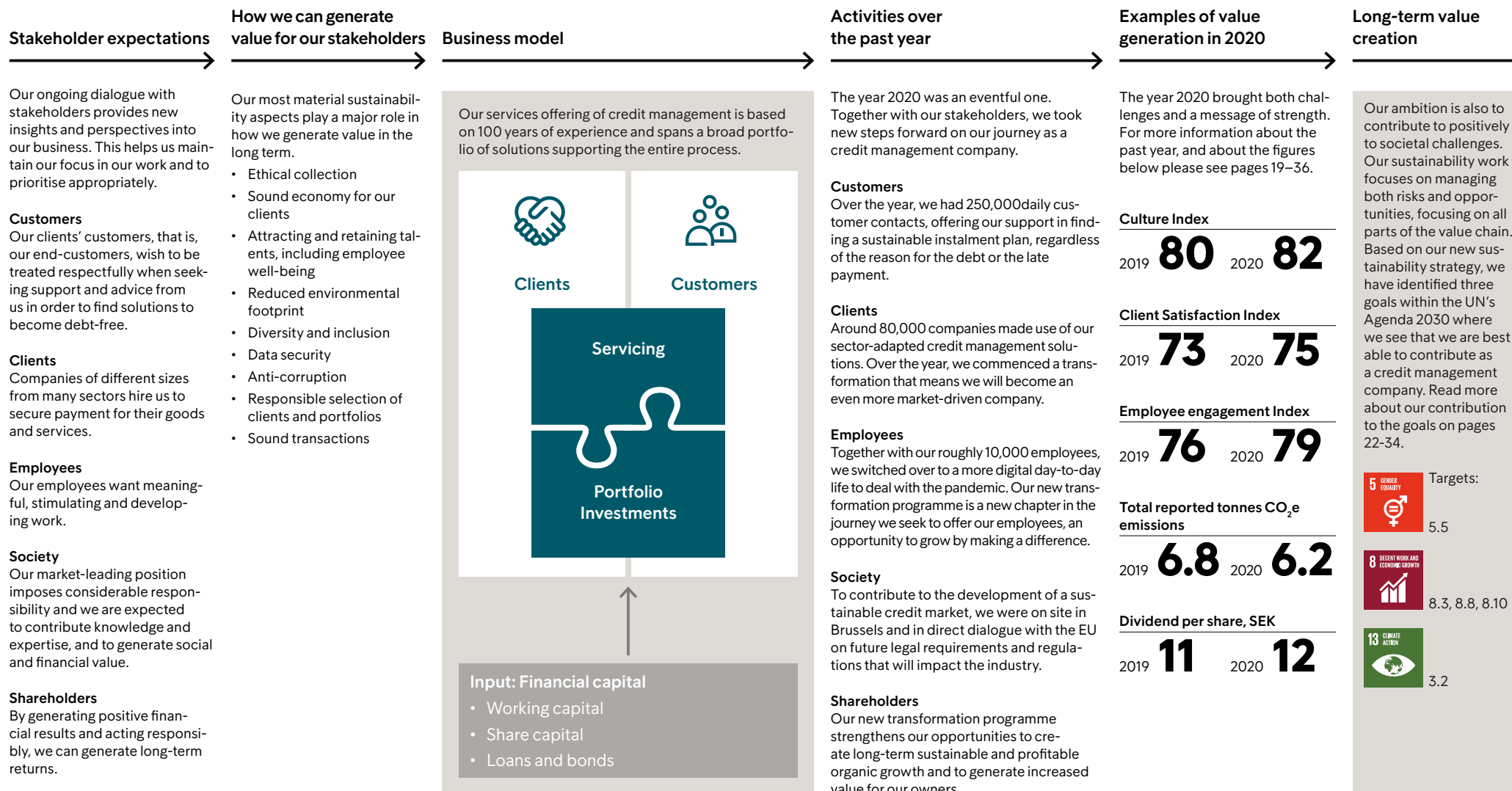
"Intrum is the European market leader in credit management services. To maintain and strengthen our position, we are now developing our operating model – taking us from being a multi-local company to being a global one. This repositioning is essential in taking advantage of the opportunities existing in the market".

Anders Engdahl, President and CEO



Generating sustainable value for our stakeholders

Value creation model



“My task is to arrive at a nuanced, objective view of the company”

Ramil Koria, equities analyst at SEB, who focuses on companies in the financial sector, among others, sees sustainability as the area having increased most in importance in recent years. Pro-actively increasing transparency around complex key issues helps analysts reach objective and fair assessments.

From your perspective, what do companies need to do and communicate?

“It is essential that they do what they say they will do – quite simply, they should walk the talk. That involves everything from meeting their financial forecasts to carrying out the activities and changes they have communicated. But I want to underscore that a company’s communications are just part of the puzzle for me as an analyst. My task is to sift through all of the publicly available information to arrive at a nuanced, objective view of the company.”

Is there anything companies should avoid doing?

“Credibility decreases if the company’s central message shifts too often, the messages conveyed must be consistent and in line with the company’s overall strategy. And again, keeping your promises is key in maintaining confidence. Quality reporting is a prerequisite for us to be able to produce superior analytical data. Besides publishing reports that are



Ramil Koria, equities analyst at SEB

comparable over time, the best companies have readily available spokespersons who provide valuable input.”

Do any trends in companies’ behaviours affect your assessments?

“For the near term, sustainability is the area on which focus has increased most. Here, conditions vary between companies and industries – some industries starting from a standstill on the 400-metre track, while others must start with a penalty lap because of their high negative impact on the climate, for example. Regarding purchased debt companies, aspects we look at include the management of the collection process, with respectful customer service being extremely important. Another important aspect is the analysis conducted when purchasing overdue receivables.”

What are your thoughts on Intrum’s communications with the capital market?

“Intrum operates in a complex industry and, in recent

years, has taken steps in the appropriate direction to increase transparency, both on its own business and how the industry functions. They recently presented new financial targets, which always entails a certain short-term challenge. My hope is that Intrum will pro-actively help analysts explain these targets, with mid-term follow-up enhancing transparency, and therefore the quality of our analyses.”

Thoughts on Intrum’s strategy, potential and risks?

“We are generally seeing purchased debt companies now being viewed more as part of the financial ecosystem, with Intrum’s one-stop-shop solution offering opportunities to build up its business with clients on a broad front. In my assessment, Intrum is driving development on key issues of sustainability in the industry. At the same time, getting some 10,000 employees to always act in accordance with the company’s vision and sustainability strategy must be challenging.”

Trends, driving forces and stakeholders

Trends give tailwind and drive change



Credit management plays an important role in the financial system. Long-term players, who attend to customers with professionalism, care and respect, strengthen clients' brands and help enhance the ethical standards and sustainability of our sector.

Due to the global Covid-19 pandemic, 2020 has been a dramatic year. E-commerce has been radically affected by people spending significantly more time than usual in their homes, which, combined with changed payment patterns, has affected the number of overdue receivables. Consumers' and companies' payment capacity is affected

by weaker economic conditions and higher unemployment, making it even more important for smaller companies to manage their receivables to safeguard liquidity. Overall, Covid-19 pandemic has affected the range of overdue receivables and increased the need for long-term players who handle these ethically and professionally.

Regulation increases supply of debt portfolios and drives outsourcing

New regulations, requiring banks to sell off their debt and NPL (non-performing loans) portfolios to a greater extent to reduce the risk in their balance sheets, continue to increase the supply of debt portfolios in the market. At the same time, the vendors' need to find a strong, long-term partner is increasing, meaning that additional factors beyond the price of the portfolio are of significance.

It is increasingly important for our clients to have a long-term, professional partner who helps strengthen their brands.

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

Risks/opportunities: We perceive highly promising opportunities from participating in, and benefiting from, the current market.

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.

Focus on the customer journey

Our clients view credit management as a strategic part of the customer journey. For this reason, they find it ever more important to have a long-term, professional partner who can help them retain their customers. The trend is for our clients to seek to join us at an increasingly earlier stage, to help handle late payments smoothly.

Impact on Intrum and our response: We are tailoring our IT systems and processes to provide smooth transitions for customers when we assume management of their credit from our clients. This is all designed to provide the best possible customer journey.

Risks/opportunities: Intrum's systems vary between countries, implying a risk that multinational companies engaging us in several geographical markets will experience greater coordination needs. For this reason, we are working to streamline our processes into a shared platform and to globalise parts of how we manage cases. At the same time, we are endeavouring to tailor specific solutions for certain industries, e-commerce companies and small and

medium-sized companies, to meet their needs for flexible solutions.

Sustainable credit management

When a debt portfolio changes owners, or when clients hire us as their representative, there is a risk that clients' reputations will be impacted unless their customers are treated ethically and with respect throughout the process until they have gained control of their financial situation. Accordingly, it is increasingly important for our clients to find a long-term partner who cares about their customers, to strengthen both their brand and customer loyalty.

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 result in 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. In this relationship, there may be a risk of a conflict of interests. As a market leader, we always strive to behave as a role model by being responsive to both clients and customers. We want to lead our industry in a more ethical and sustainable direction, building on 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. New innovations that challenge the traditional approaches go hand in hand with the emergence of new market players, primarily those in the capital 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 and requires us to make use of new technological opportunities.

Risks/opportunities: Our size brings economies of scale when financing investment in new technology. Our large scale also increases our access to data that can be used for intelligent data analysis. Our size and extensive experience also allow us to learn from one another internally to improve and streamline our operations. We see new market players as bringing opportunities for us to offer our expertise and conduct shared portfolio investments.

The digital, cashless society

Like so much else in society, credit management is growing increasingly digital and a general trend is for companies to seek out the most innovative digital services. Continuous product development is required to meet the needs of different client and customer categories. Digitisation is also altering payment behaviours with increasing cashless and credit-based payments being made. E-commerce, which has grown strongly in Europe in recent years and now exploded due to the Covid-19 pandemic, is changing consumer's payment behaviours. This can cause difficulties in meeting their payment commitments. As a consequence,



the credit market is flourishing, both for serious players, as well as those who are less serious.

Impact on Intrum and our response: Digitisation demands that we and others maintain leading-edge positions in developing digital systems and services, such as through digital portals that can be integrated into our client's own systems. We are meticulous about the types of overdue receivables that we purchase and manage. We refrain from purchasing debt portfolios from companies with operations that deliberately or inadvertently help generate or exacerbate consumer's debt problems.

Risks/opportunities: We perceive opportunities in participating in the digital developments that are driving the sector forward. There is otherwise a risk that we will lose significance in relation to competitors or new players in the sector. 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 responsibly to meet their payment commitments.

Consolidation of the sector

Increased regulation and digitisation are driving consolidation in the sector, as a certain size is required to be able to make the necessary investments and to achieve economies of scale and cost efficiency. As a result, the credit management sector, whose actors have traditionally been based locally, is becoming less fragmented.

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 clients 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. We must continue to develop our digital platforms to ensure that we can continue to offer attractive and cost-effective digital solutions.

Our capacity to meet the needs of international clients in a uniform manner is increasing.

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. [Read more about our sustainability work on pages 22–35.](#)



Customers

Our customers are the individuals, and sometimes companies, in debt whom we meet in our day-to-day operations. When our clients' customers miss, or are late with, their payments, we assume responsibility for their cases.

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, opportunities for development and working at a sustainable company.



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 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.



Shareholders

Our existing and potential shareholders, and credit providers.

Material issues

Ethical collection, responsible selection of clients and debt portfolios, our employees' well-being 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.

Strategy and targets

Transformation enabling long-term sustainable and profitable growth



The credit management sector is developing rapidly and Covid-19 has accelerated its digital development. We are currently conducting a transformation programme to remain relevant to our clients and to continue leading the industry.

Intrum's current integrated business model and strong market position were made possible by recent years' growth, primarily from acquisitions and strategic partnerships. Our experience and diversification make us well-equipped to analyse how external trends affect us and other sector players. Our conclusion is that Intrum's current operating model requires fundamental change to

strengthen long-term competitiveness, foster conditions for continued organic growth and generate a favourable return on capital. This is the reason we are now conducting the ONE Intrum transformation programme, which entails transforming our operating model to reposition ourselves as a truly global company and to cultivate the considerable opportunities in both credit management and portfolio investments that we perceive in the market.

Intrum takes the lead in essential sector transformation

We currently operate as a multi-local company, which has been an advantage when tailoring offers for clients in different markets. On the other hand, we have not been able to take full advantage of the opportunities for efficiency improvements inherent that our size and geographical presence entail, as many functions and processes are

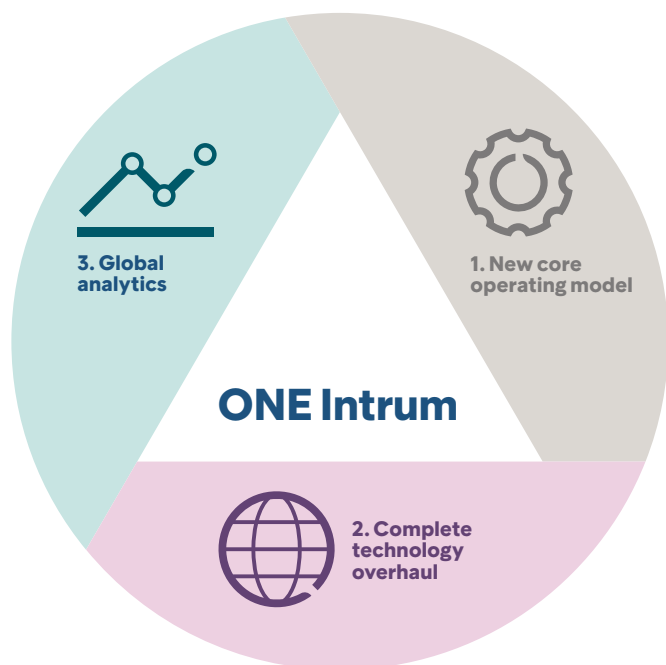
duplicated between the different countries. Under these conditions, implementing the innovative technologies required to maintain a leading position is very expensive and time-consuming, since implementation and systems integration must be adapted to a large number of collection systems.

Consequently, our focus looking ahead is on fundamentally transforming our operations to take advantage of the growth potential we see and to continue meeting the changing needs of our clients in an optimum manner. As we have a diversified client base, this means that solutions will be optimised for different industries and players. Read more about our various client categories and their needs on pages 22–35. We believe that the change we are now implementing will redefine our sector and we intend to continue to show the way ahead.

ONE Intrum – as Local as needed, as Global as possible

By taking advantage of our leading position and our ONE Intrum transformation programme, we aim to strengthen our long-term competitiveness. The new operating model will be characterised by a global system and infrastructure with elements of local expertise, enabling us to build fully on our scalability. The efficiency enhancements are expected to reduce costs and, above all, lead to competitive prices and an improved customer offering. This also generates significant leverage as markets recover following Covid-19. In this way, organic growth is facilitated, with attractive returns in the future.

We are, accordingly, changing our operations fundamentally to take our company from multi-local to truly global. We will be implementing these changes by focusing on the following:



1 New core operating model

enabling a better and more relevant offering adapted to the current and future needs of our clients, their customers and society at large. A scalable model also allows us to create growth opportunities at low marginal costs in all business segments and to thereby take advantage of the significant opportunities we perceive in credit management and portfolio investments.

- A global and digital end-to-end process in which we can more effectively allocate resources throughout the life cycle of a collection case and offer a smoother process for clients, customers and employees.
- Analysis-based segmentation of customer cases for increased efficiency
- A combination of local and global operations centres and customer service centres
- Global support functions that ensure consistency

2 Complete technology overhaul

that is simple and scalable in all of our countries. Increased digitisation will ensure that we can take full advantage of our size and expertise, while enabling a more relevant offer in line with demand from our clients and customers.

- ONE shared global system
- Fully digital management, through which we are able to use uniform data from standardised processes, regardless of country
- Increased self-service via digital portals and mobile solutions

3 Global analytics

- That ensures insightful analysis and increased productivity.
- A global master data model
- A high-performance data hub processing Intrum's considerable access to data will enable faster and more in-depth earnings analysis
- Machine learning is implemented in the collection processes

Long-term generation of value for us and for our stakeholders

ONE Intrum affords us favourable opportunities to achieve gains in efficiency, increasing our return on invested capital. The direct and indirect expenses associated with the programme are expected to total some SEK 1 billion, plus termination expenses¹ of about SEK 0.6 billion. We estimate that ONE Intrum will generate annual net savings of SEK 1 billion, with full effect in 2023. The annual net savings consist primarily of reductions in expenses associated with the local operations, as these will be transferred gradually to shared service centres and previous platforms will be phased out.

ONE Intrum also enables us to fully realise our potential and to be optimally positioned to take advantage of the growth opportunities offered by market trends – trends that have also been strengthened as a result of the global Covid-19 pandemic. In this way, we will be able to continue to delivering considerable value to our investors and other stakeholders.

¹) Redundancy costs classified as items affecting comparability.

Updated financial targets

In connection with our launch of the ONE Intrum transformation programme, we also updated our financial targets, reflecting our financial targets that reflect our view of the key figures that capture our underlying cash generation best reflect the value that Intrum generates:

Return

Cash RoIC

>10%

Return on Invested Capital (RoIC) shall amount to at least 10 percent in the medium term. Cash RoIC improving over time as benefits from transformation and business growth materialise, generating recurring cash returns well in excess of our cost of capital.

Growth

Cash EPS growth

>10% p.a.

Increased returns, growth and leverage in the business will drive recurring growth of consolidated cash EPS and, for this reason, Intrum will target growing its cash EPS by at least 10 percent annually on average in the medium term.

Leverage

Net debt /Cash EBITDA

2.5–3.5

Improving returns enable deleveraging to 2022 target range, while continuing to selectively invest in growth.

Shareholder remuneration

Absolute annual increase

↗

Intrum's Board of Directors intends to propose an annual dividend per share to shareholders corresponding to an absolute annual increase that is in line with recurring cash earnings over time.

Strategic sustainability targets

Sustainability is integrated throughout our operations. Our sustainability strategy shall generate value for both clients and customers, as well as for society in general. We focus on three areas: enabling sustainable payments, being a trusted and respected actor, and growing by making a difference. Our strategic sustainability targets in these areas are as follows:

Culture Index

>80

The Culture Index is an internal measure reflecting the degree to which we live in line with our values. A high Culture Index, amounting to at least 80/100, generates mutual value for our customers, clients, employees and for our entire operations.

Client Satisfaction Index

>75

The index is measured in our annual client survey and is a measure of how satisfied they are with our service. A Satisfaction Index exceeding 75/100 strengthens the conditions for our business, so that we can continue to develop and meet expectations.

Climate footprint

–20%

The climate issue is one of the greatest challenges of our time. We measure our climate footprint within scopes 1, 2 and 3 of the Greenhouse Gas Protocol, and by 2030 we aim to reduce our total emissions by at least 20 percent compared with 2019.

Employee Engagement Index

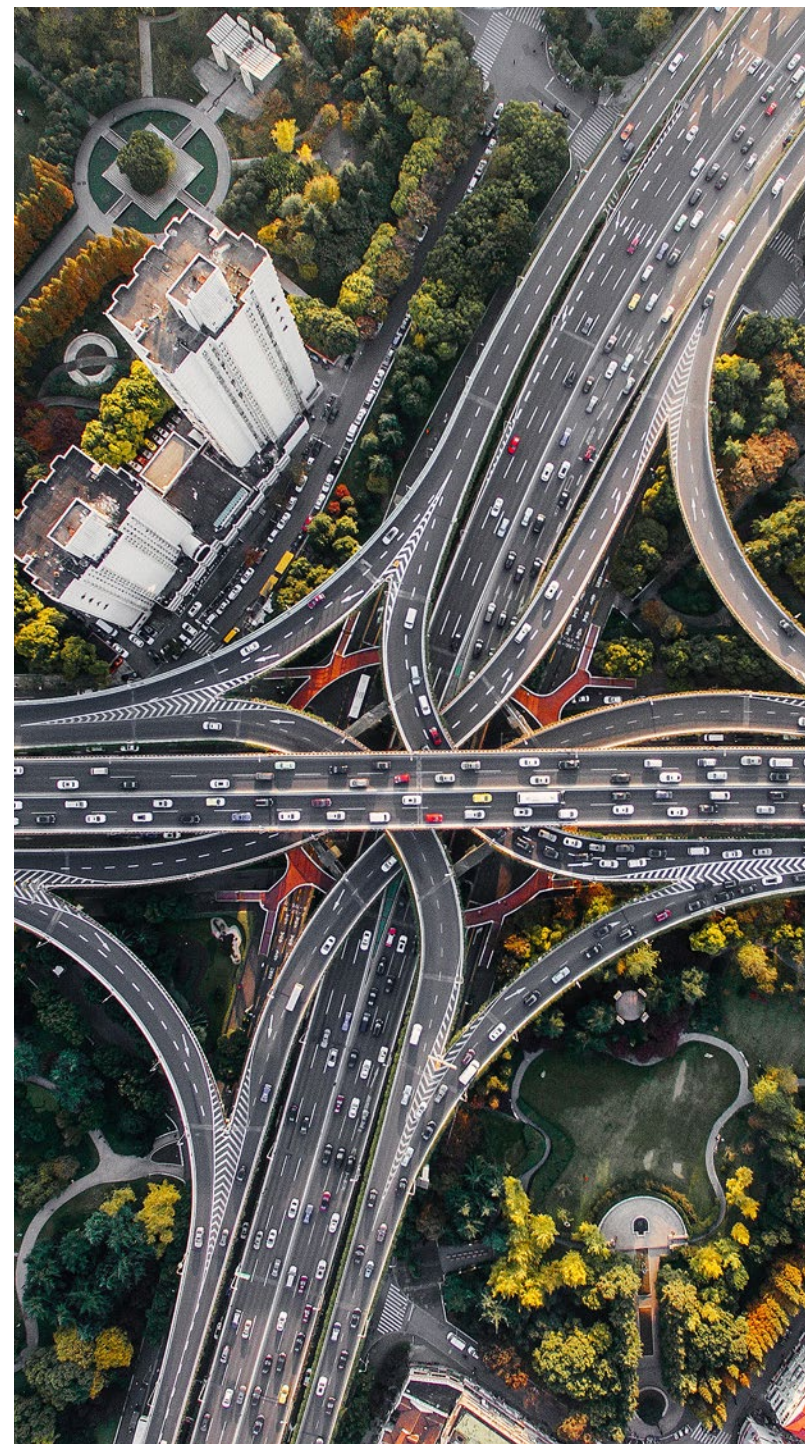
>80

Thriving and committed employees are an asset to our capacity to deliver on our targets. The Engagement Index is measured in our annual employee survey and should be above 80/100. The index measures how employees experience energy and motivation, as well as clarity and targets in their day-to-day work.

Balanced gender distribution

40/60

We view diversity and inclusion as competitive advantages, and a key factor in driving development. As an initial step, we are striving for a more balanced representation between women and men in senior positions and in our organisation as a whole.



Our clients and customers

Industry-specific solutions that support the entire process



Our offering extends from the early stages of the credit management process to being a partner for the acquisition of entire debt portfolios. The ONE Intrum programme means we are taking the next step, towards being an even more efficient and market-driven company.

With a strong base of around 80,000 clients, and with almost 250,000 daily customer contacts, we are a market-leading player in credit management servicing. Our clients operate in various sectors, with an emphasis on banking and finance. We also help many companies in the telecom, energy and e-commerce sectors, as well as small and medium-sized companies. Operating in gap between these clients and their customers imposes rigorous demands in terms of both innovative services, as well as in-depth sector knowledge, but also on empathy and a reception that takes each customer's unique situation into account.

More than a hundred years of experience

Our credit management servicing offering is based on more than a hundred years of experience, meeting several of our client's needs. It is basically a matter of fostering conditions for stable cash flows and strong liquidity, which facilitates good finances and long-term growth. Many clients lack in-house capacity to handle overdue receivables. Furthermore, companies may operate in sectors where competition for customers is fierce, and who therefore demand a partner who can be part of the customer's complete journey.

The portfolio investment business is mainly driven by macroeconomic events, as well as by new legal requirements and regulatory changes. This applies not just the banking sector, which today accounts for about 90 per cent of our purchased debt s. The regulations entail the

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.

banks selling off their debt portfolios to a greater extent to reduce the risk in their balance sheets. The bank's portfolios often include both corporate loans and private loans.

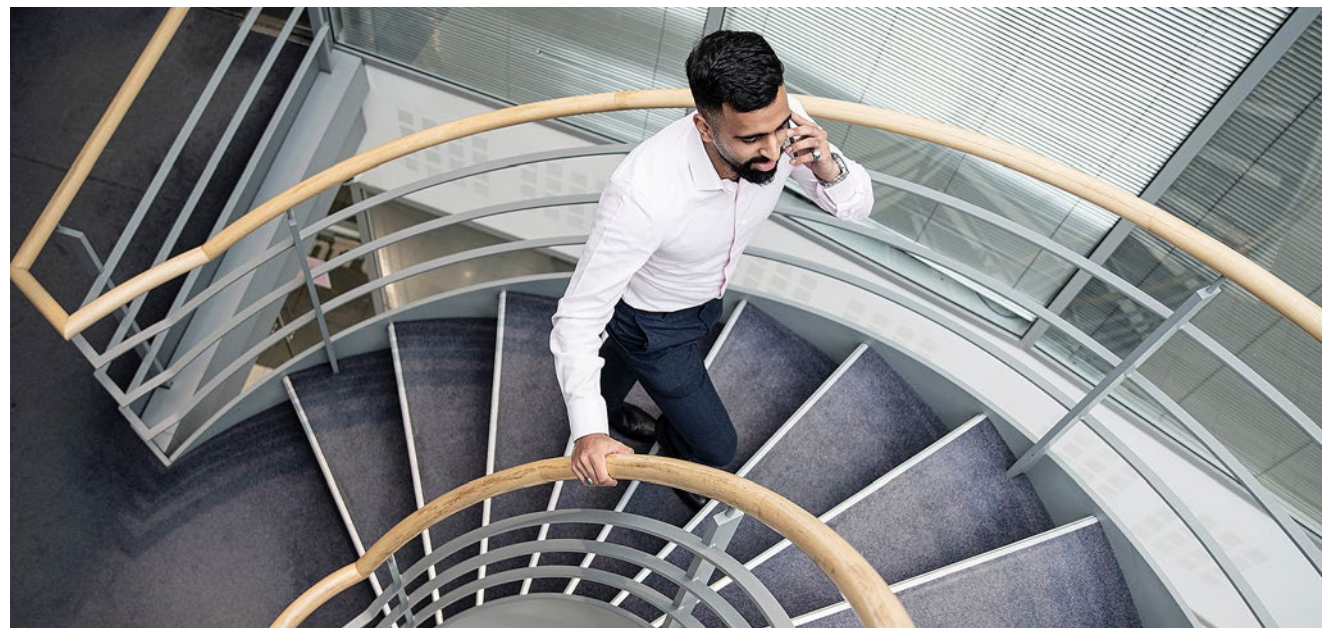
Global portfolio of industry-specific solutions

The transformation we are going through as a company means that we are now taking the next step in developing our offering towards a unified global portfolio of industry-specific solutions that support the entire credit management servicing process, from the first invoice reminder to debt collection services and our acquired debt portfolios.

Today, a prerequisite for generating value as a credit management company is a functioning systems support that supports the entire credit life cycle. Our strategic pan-European clients will continue to require tailored services due to the different sectors they are active in. At the same time, banks and telecommunications companies, for example, are looking for industry-specific services that enable rapid integration into internal systems and provide support early in the value chain. For e-commerce companies, the need is primarily for scalable plug and play solutions that are adapted to centralised and standardised businesses with broad geographical coverage, that facilitates the company's growth in new markets. For small and medium-sized companies, a growing segment for Intrum, digital solutions that enable easy integration and automated reporting of the status of invoice reminders and collection cases are an important competitive factor.

Long-term partner for our clients

With Intrum's broad international presence in 25 countries and our new scalable and modular portal solution as a base, we are well-positioned to meet these changing needs and to continue being a long-term partner for our clients. The portal solution also enables new payment methods and more channels for customers, all to strengthen the experience of our services and make it easier for our clients to get paid for the goods and services they have sold.



Our industry experts and analysts play an important role in generating value for our clients. The aggregated data available to us allows us to have increased insights and better basis for decision-making for companies in the management of credit risks. In practice, this means, for example, opportunities to differentiate and optimise the client journey to strengthen liquidity. With a more global process, we are also creating the conditions in which we can develop into an even more data-driven company, where artificial intelligence, data analysis and business intelligence are parts of everyday life.

We choose our clients with care

For us, it is a natural choice to cooperate only with companies who share our values of good business ethics, and we select our clients with care. In practice, this means that we do not, for example, cooperate with companies that apply unethical lending terms, use aggressive sales methods, or charge fees or interest that do not comply with local laws or good business ethics.

Based on ever-increasing regulation of the financial sector and our own business ethics requirements, a thorough review is conducted when acquiring debt portfolios. We

Promote sustainable payments

Targets for 2020

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

Long-term sustainability targets 2020–2023

- Maintain a high level in the culture index, above 80/100 (80/100 2019).
- Increase average satisfaction index among our clients, over 75/100 (73/100 2019)

Outcome 2020

- Culture index increased from 80 to 82/100
- A vendor has been procured to implement a Group-wide customer survey
- Client satisfaction index increased from 73 to 75 out of 100

Agenda 2030



Goal 8 – Decent working conditions and economic growth

- Target 8.10 Universal access to banking, insurance and financial services
- Target 8.3 Promote policies to support job creation and growing enterprises

The next step

- Implement group-wide customer survey, and increase the frequency of the survey with clients to become even more responsive and develop our business in alignment with the expectations of our clients and customers.

82

Culture Index

Following the merger to form Intrum, new values were developed in 2017. Since 2018, we have surveyed how well our employees feel we live up to our four values – Empathy, Ethics, Dedication and Solutions – in our day-to-day efforts. During the year, we achieved a score of 82/100 in our culture index (80), which is the highest level to date.

review the risks and make certain that interest rates and the credit processes, for example, generally live up to our standards and requirements for ethical credit management. This process may also include us the entire debt portfolio for a detailed screening of the client's customers.

Client satisfaction – a measure of whether we have succeeded

To understand how we can generate increased value, and further develop our offering and approach, an independent survey is conducted each year to understand how our clients perceive our service. According to the latest survey, which was conducted in the autumn of 2020, this index was 75, compared with 73 in the preceding year. A total of 2,000 companies from 23 of our markets participated.

Our long-term goal is to raise the client satisfaction index to a lasting 75 or higher by 2023. This requires both great sensitivity and a high level of service to our clients. The development in the latest survey shows that our clients see us as a reliable partner with superior skills and knowledge, who handles their customers in a respectful manner. Overall, developments show that we are on the right track towards our goal.

It all starts with an overdue invoice

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. It is not uncommon for individuals in debt, with whom we speak to, to experience considerable social ordeals. People can find themselves in different degrees of debt and with varying 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.

Our portal solution for customers is developed to create a simple and clear overview of their entire debt situation and makes it possible to find a flexible solution that suits their needs. The solution is available on various digital platforms, which creates the conditions for quick and easy case management while facilitating contacts with our administrators.

With our shared values as the fundamental principle, the objective is always to treat each customer with empathy and respect for their individual situation. Since developing our new values together with our employees in 2017, we measure how well we feel that we live up to these – Empathy, Ethics, Dedication, Solutions in our daily

Client Satisfaction Index

2020	75
2019	73
2018	73

Based on an independent survey among our clients. We achieved 75/100 for the year.

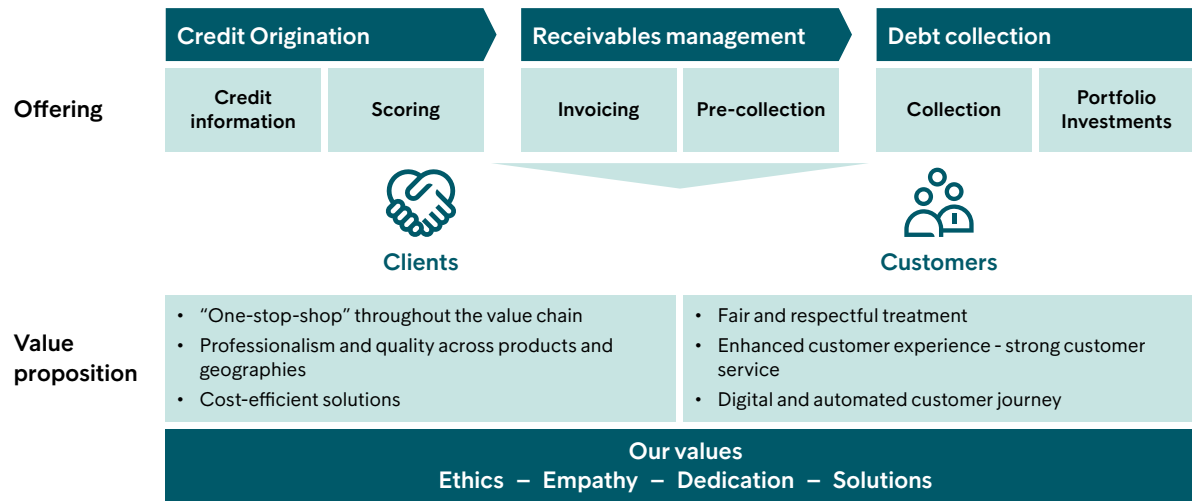
work – (read more on page 29). In 2020, our Value Index reached 82/100 (compared with 80 in the preceding year), which is also the highest level to date. The results show that we have been particularly good over the past year at taking the needs of our clients and customers into account. The employee survey was conducted in the spring, and we see the positive trend as a good sign of how we have handled the adjustment that the pandemic required of us as an organisation.

To lead the way towards a sound economy

Given our size, we consider it our responsibility to work pro-actively, disseminating knowledge to clients, customers and society in general on issues related to a sound economy. The purpose is to pre-empt late payments and excessive debt and to encourage sustainable payment flows. We run several educational initiatives around Europe, and in Sweden we have developed an interactive web lesson in personal finance called Spendido. The content fulfils a number of requirements in the current upper-secondary curriculum and explains what buying on credit entails by highlighting the potential consequences of a careless approach.

Our annual public surveys provide us with useful insights on personal finances and how companies are affected by late payments. The European Consumer Payment Report involves nearly 25,000 European consumers to answer questions about their personal finances, with a focus on credit and borrowing. The European Payment Report asks about 10,000 companies in Europe about their experiences of late or non-payment. The reports are used in the dialogue with our clients, at seminars, conferences and in coordination with the institutions of the EU, as well as in other forums where we can share our insights. Read more about the situation for Europe's companies and consumers in 2020 on pages 3–6.

A sustainable credit market is an important cog in a well-functioning financial ecosystem



"Intrum's solution allows us to optimise our customers' purchasing process"

Jacqueline Gehring Kenesei works with accounting at Fleurop-Interflora in Switzerland, a network of florists that delivers fresh flowers all over the world.

Tell us about Fleurop-Interflora and how the partnership with Intrum commenced?

"We are a market-leading supplier of flowers with operations in Switzerland and with more than 50,000 partner florists in more than 150 countries. We are best known for our deliveries of fresh flowers right to people's front doors, that's what sets us apart. The partnership with Intrum began about 20 years ago with a credit check solution that still plays an important role in our business. In a business model where most sales are generated through online purchases, it is important to be able to offer customers several payment methods. More than half of our customers want to be invoiced, they want to avoid entering their credit card information via the Internet to avoid card fraud. At the same time, invoiced purchases entail increased credit risk for us as a supplier. Credit checks play an important role in this regard. Combined, Intrum offers us a perfect total package, including collection management, as well as outstanding customer service."

Describe the credit management services in a little more detail, how does the collection procedure work in practice?

"We issue invoices with a ten-day payment period fol-



Jacqueline Gehring Kenesei, accounting,
Fleurop-Interflora, Switzerland

lowing the purchase. After a month, an invoice reminder is sent out and, if that invoice is not paid on time, a second reminder is issued. Our claim is then transferred to Intrum, which takes over the entire case, including initiating and monitoring collection management. Intrum also helps us with management of old debt portfolios."

How are the services integrated into your processes and what role does Intrum's digital platform play?

"The credit information services fit perfectly into our processes and make it possible, among other things, to incorporate our own experiences of payments from our customers. The credit check is integrated into the order process and is fast and uncomplicated, which is essential in our business. If you order before 3:00 p.m., we guarantee same-day delivery here in Switzerland, so there is no time to lose. The digital platform is used daily. This is where we report direct payments from our customers, keeping Intrum up to date on each individual case."

In general, how valuable are these credit management services for Fleurop-Interflora as a company?

"Besides enabling us to offer the popular invoice' payment method in the web shop, and being able to hold credit losses down to a low level, the collection services help us focus on our core operations, that is, the florist business. We are able to focus our resources on various projects. Intrum's customised solution also helps us optimise the entire purchasing process for our type of business."

How would you describe this value to your customers?

"The credit check grants them access to additional payment methods and, for certain customers, enables us to reduce the risk of an invoiced purchase becoming a collection case. This is how we contribute to sound personal finances. For purchases that nonetheless lead to collection proceedings, we know that Intrum handles contacts with our customers in a professional and compassionate manner. This solution benefits both parties."

Our employees

Together with our employees, we are taking the next step

The year 2020 was an eventful one. In the wake of the Covid-19 pandemic, working life was quickly transformed into a digital everyday existence and, in the autumn, our ONE Intrum transformation programme was launched – a journey of change towards a new and even more united Intrum.

25

The year placed great demands on a rapid transition to a new way of working for our employees in 25 countries

The Covid-19 pandemic affected the entire world in 2020, and Intrum was no exception. By early April, 75 percent of our employees had switched to working from home because of lockdowns and local restrictions – including employees at most of our call centres. The rapid pace of events imposed considerable demand on the transition to a new way of working, with digital tools and video conferencing as the new normal. As the employer of about 10,000 employees in 25 countries, our primary focus was on facilitating everyday life and safeguarding the well-being of our employees. New interactive forums were created and practical solutions were put in place, such as flexible working hours. This was especially true in those



countries where the degree to which society closed down was greater. Our managers played an important role over the year, providing support for employees, ensuring that information flows were maintained and by maintaining the dynamic, commitment and well-being of the teams. The level of activity and communication on our internal communication platform intensified, and media such as internal videos and digital management meetings played an increasingly important role as the year progressed.

The transformation programme entails the start of a journey of change that will affect all of Intrum over the upcoming years.

A journey of change towards an even more united Intrum

The year was also pervaded by the ONE Intrum transformation programme that had been launched in the autumn. Read more on pages 19–20. The programme marks the start of a journey of change that will impact Intrum as a whole over the upcoming years. As part of the harmonisation of processes and systems support within the company, virtual work and collaboration across geographical and organ-

isational boundaries will increase in importance. Parts of the call centre operations will be globalised and, in connection with this, selected call centres will have a broader geographical coverage. This development will, in turn, affect Intrum's future skills and recruitment needs. As part of the transformation programme, the further development of our employee strategy is in progress. To a great extent, what we are witnessing is a shift in skills, where the specialist skills associated with more complex customer cases will be needed in our local markets, while larger volumes of simpler cases will be handled by our global call centres and back office centres. Similarly, Intrum's digital development will also increase needs for advanced IT and AI knowledge.

Our leadership principles will be an important tool in this transformation programme. The principles tie in with our value base and are designed to guide our managers in their daily work. Among other things, the principles of Trust, Clarity, Change and Growth are about how we lead change in an ever-changing world.

Engagement Index

2020	79
2019	76
2018	74

Growing by making a difference

In the work we do for our clients and customers, our employees are our most important asset and the ONE Intrum programme plays an important role in unleashing our employees full potential. This builds on access to a global platform with local skills and expertise, a common business model with clear processes, targets and responsibilities, and a common platform for communicating and exchanging of knowledge and experience. Working at the transformed Intrum means becoming part of a mod-

Grow by making a difference

- | | |
|---|---|
| Targets for 2020 | <ul style="list-style-type: none"> Reduce staff turnover initiated by employees from 18 percent to at most 15 percent. |
| Long-term sustainability targets 2020–2023 | <ul style="list-style-type: none"> Increase the Engagement Index among our employees to above 80/100 (79/100 2019) Achieve a more balanced gender distribution throughout the company (40/60), which means an increased share of women in management positions, and an increased share of men in the organisation as a whole. |
| Outcome 2020 | <ul style="list-style-type: none"> Employee turnover initiated by employees decreased to 13 percent. Employee engagement index increased to 79/100 The share of women in the Board of Directors remain at 33 percent. The share of women in the Group Management Team increased from 18 percent 2019 to 27 percent 2020. The share of women in the organisation as a whole increased from 62 percent 2019 to 63 percent 2020 and the share of men decreased from 38 to 37 percent. |

Agenda 2030

- | | |
|--|--|
| | Goal 5 – gender equality <ul style="list-style-type: none"> Target 5.5 Ensure full participation for women in leadership and decision-making |
| | Goal 8 – Decent working conditions and economic growth <ul style="list-style-type: none"> Sub-goal 8.8 – Protect labour rights and promote safe working environments |

- The next step**
- Launch of the engagement programme "We are Intrum" and training for our employees and leaders to lead during change



ern, technically-driven market leader, and provides great opportunities to grow and develop globally. In addition, every Intrum employee has an opportunity to become part of our purpose, to lead the way towards a sound economy, and to be involved in driving the credit management industry forward. We call it "growing by making a difference". In addition, we can offer a corporate culture and value base that have been created by our employees that foster each individual while also challenging them and rewarding each effort.

Continued strong commitment from our employees

Our objective is to be the most attractive employer in our sector and we are continuously working to build our employer brand. To follow up on our employees' well-being and workplace commitment, a major employee survey, My Voice, is conducted annually, as are smaller pulse checks. The most recent larger scale study was con-

ducted in May 2020 and captured the effects of the first wave of the pandemic. The response rate was 87 percent, compared with 84 percent the year before. The employee engagement index measures energy and motivation, combined with employees' perception of clarity and targets in their daily work. In 2020, this index rose to 79, from 76 in the preceding year. The results show that, despite the ongoing pandemic in the spring, we managed to increase engagement. This was a good score for all Intrum managers and the intensified internal communications probably contributed to the improvement. What we can see, in particular, is that the sense of belonging within teams strengthened, while the sense of belonging between teams decreased somewhat, as maintaining the dialogue within each team proved easier.

Our long-term target is to increase the employee engagement index from 79 to durably above 80 by 2023. To further strengthen engagement within the company,

a specific engagement programme was initiated in 2020, and will be rolled-out further in 2021. The purpose is to firmly establish the transformation that we are going through as a company, as well as the long-term work of leading the way to a sound economy for customers, clients and society at large, and guiding employees and managers on this journey.

Building skills in times of change

One of our most important tasks as a company and an employer is to ensure that our employees have sufficient resources and knowledge to be able to perform their duties, both today and tomorrow. A majority of our employees work at call centres, a job requiring specialist knowledge of local laws and regulations. Considerable empathetic skill is also needed. Interacting with vulnerable people demands a capacity for listening 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.

In connection with annual development talks, plans are set up for employees' professional and personal development in consultation with their immediate managers. Another important task for our managers is to provide frequent and ongoing feedback to employees, especially in times of change, in which roles may shift, for example. At the same time, we support a self-learning culture in which the individual employees, with their own drive and curiosity, assume responsibility for their own long-term development. Our digital development platform is part of our new HR system and includes training both online and in real life, for which employees can register voluntarily.

One of our most important tasks is to ensure that our employees have the resources and knowledge needed to be able to perform their duties, both today and tomorrow.



Different recruitment needs in different countries

Recruitment needs look different in different countries. The globalisation of the call centre operations means, for example, that multilingualism will be in greater demand among our employees. Our managers will also be subject to increased demands, with regard to change management, for example.

For graduates, our "Next Generation Programme" plays an important role in attracting and developing future leaders and analysts within the company. In 2020, seven new participants, from different countries and with different backgrounds, were accepted onto the programme. Over a 12-month period, participants have opportunities to work in different parts of our operations and to build networks and develop. As a result of the pandemic, the programme was conducted digitally in 2020, although the plan going forward is for it to include in-person meetings and training when this is again possible.

For 2020, our goal was to reduce staff turnover initiated by employees from 18 percent to a maximum 15 percent. During the year, the staff turnover initiated by employee decreased to 13 percent, which is at a better level compared to the set target.

Greater diversity for increased competitiveness

Intrum is a multicultural company and we are proud to speak more than 30 languages within the company. We are certain that this diversity increases our competitiveness, making us collectively more responsive to our client's and customer's needs, and able to develop appropriate solutions in each new situation. Diversity and inclusion are also an important part of our transformation as a company, with these issues being integrated into our employee strategy. As an example, more work across organisational boundaries and geographic markets means we have better conditions to take advantage of different perspectives and skill sets within the company. To ensure clear anchoring at the management level, diversity and inclusion are included in our leadership principles.

As an employer, we do our utmost to treat all employees with respect and to afford equal development opportunities to all. Preventive efforts in diversity and inclusion are guided by our HR instruction and Code of Conduct, which together provide the basis on which all employees shall enjoy their fundamental freedoms and rights as individuals.

Achieving a balanced gender distribution

At the end of the year, the proportion of women in the company was 63 percent, which is on par with the previous year. However, the figure is lower among the Group Management Team where the proportion of women was 27 percent at the end of the year. Our objective is to achieve a more balanced gender distribution at all levels within the company, with at least 40 percent women at the management level by the year 2023. One part of this involves working with attitudes and appropriate applicant profiles in connection with recruitment. It is just as important, however, to offer mentoring or flexible working hours, for example. Over the upcoming years, we will be working to increase our understanding in this area.

Incident management

Incidents associated with discrimination or harassment in the workplace can always be reported through our whistle-blower channel and are then handled by our Ethics Council, which assesses the cases received and undertakes the measures necessary.

Our values help us leading the way

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 end-customers.

Empathy	Ethics	Dedication	Solutions
<p>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, end-customers and colleagues. This approach allows us to find meaning and value in what we do and to achieve our shared vision.</p> <p><i>We listen actively and seek to understand.</i></p> <p><i>We keep an open mind and are flexible.</i></p> <p><i>We show patience and offer support.</i></p>	<p>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.</p> <p><i>We focus on society and sustainable enterprise.</i></p> <p><i>We take responsibility for our actions.</i></p> <p><i>We do the right thing – living and acting according to our values and our Code of Conduct.</i></p>	<p>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.</p> <p><i>We share knowledge across borders.</i></p> <p><i>We are committed to, and responsible for, our own development.</i></p> <p><i>We go that little bit further and never give up.</i></p>	<p>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.</p> <p><i>We focus on results, not problems.</i></p> <p><i>We collaborate to provide our clients and customers with innovative solutions.</i></p> <p><i>We value quality and professionalism.</i></p>

"We make a difference for companies, individuals and society alike"

As an analyst, Kathrine Diserud Mildal assists our clients, providing them with the information they need to be able to make informed decisions about managing credit risks.

You began working at Intrum in 2019 – describe your role and what made you take the step to join the company after completing your studies?

"I work as an analyst in the analysis and risk advisory group at the Oslo office. We analyse data and provide our clients with information associated with credit risks. We help companies make better decisions on how to manage these risks. The main reason I started at Intrum was the favourable impression I gained of the company during the application process – from the initial introduction and the people I met, to the cases I had to resolve in the selection process. I realised I really wanted to work here."

What did you know about the credit management sector before you were recruited? And what does Intrum's purpose – leading the way towards a sound economy – mean to you?

"I did not know much about the industry before I started,



Kathrine Diserud Mildal, analyst, Intrum

but my understanding of credit management and collection has increased drastically since then. Above all, I did not realise from the outset what a critical role we play in maintaining the well-functioning credit market on which the whole of society today rests. We enable people, companies and organisations to buy and sell goods and services, or to lend and borrow money, all based on a system built on trust. Credit can be absolutely crucial for individuals and companies alike, so our role in the economy is vital."

What do you see as your contribution in your role?

"There is a strong connection between my work and our purpose as a company. Companies use our insights on credit management and debt collection to better monitor their risks, take precautionary measures and to this avoid potential credit losses. This makes it easier for companies to make decisions that protect individuals from taking out loans they cannot handle and prevents excessive debts from building up for individuals. In this way, we truly contribute to a sound economy for both clients and customers."

You participated in Intrum's Next Generation trainee programme. What has the programme meant for you?

"Next Generation is Intrum's 12-month programme designed to afford academic graduates like me opportunities to work in different parts of the company, to develop our breadth of skills and knowledge in various areas and to build their networks within the company. The programme is amazing! I have already taken part in an exchange with Finland, where I worked at the information and analysis department. It was challenging, but I loved it. I face new challenges continuously and I'm still learning."

What are your plans and dreams for the future?

"For the near future, I want to keep on learning and challenging myself. Participating in the Next Generation programme has enabled me to grow in many different ways. I can sometimes long to see more direct results of my work, like my colleagues at the call centres do. They really work hands on, offering people immediate assistance. At the same time, I realise that my team makes a difference by giving our clients greater insight, which is at least as important."

Our social contribution

Creating value in a societal perspective



Dealing with clients and customers ethically and respectfully is a prerequisite for building trust. Over the year, we developed specific guidelines for additionally responsive treatment of customers.

The credit market plays an important role as one of the engines powering the socio-economic system – perhaps more than ever in 2020. In the autumn, one in three European consumers said they had seen their financial well-being deteriorate over the year.¹ At the same time, many small and medium-sized companies experienced acute liquidity problems.²

As a credit management company, the expectations of our operations were particularly demanding. This applies not only to the transition to a more digital way of working, but also to adapting to a new reality, in which an extended payment plan could prove decisive for someone. At the same time, payment plan extensions could risk putting smaller companies in particular into a liquidity crisis – a delicate balancing act, sometimes with challenging trade-offs that we, as a provider of credit management services, need to handle.

Development of a sustainable credit market

In early 2020, Intrum set out specific instructions to

¹) European Consumer Payment Report (ECPR) 2020

²) European Payment Report (EPR) 2020

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

ensure the fair and careful handling of our clients' customers. The instructions apply to all markets in which Intrum operates and are the first of their kind with international scope. They are a concrete example of our willingness to lead the development of a sustainable credit market and to have the courage to focus on the best interests of the customer in all that we do. They are also a tangible iteration of our ethical value base, which is core to our daily contact with customers. The instructions set out key guidelines to our approach, in which sensitivity, integrity, care and professionalism are important components. Additional cornerstones are easy to understand, straightforward and transparent communication, as well as reasonable and proportionate fees.

To provide guidance for our employees in the handling of particularly vulnerable customers during the Covid-19 pandemic, we also introduced specific guidelines during the year, complementing the internal instructions on treating customers fairly. These included opportunities to extend payment plans, for example, or to temporarily halt payments for individuals who were directly or indirectly affected by Covid-19.

Design of new laws and regulations

Another area in which we have been involved in recent years is the drafting of the possible future EU directive on non-performing loans (NPL). In 2020, we continued the process of analysing, commenting on and communicating the current proposal. In the longer term, the directive will have a major impact on the industry if introduced, as it aims to improve conditions for banks to manage NPL efficiently, while mitigating future risks. In part, the directive serves to introduce requirements for credit managers to apply a policy ensuring that borrowers are treated fairly and diligently, taking into account their financial situation and referring borrowers to debt counselling or social services if necessary.

Several other regulatory changes affecting our operations are also in progress. One example is the EU's new



anti-money laundering plan, regarding which we held discussions with the head of the EU's Economic Crime Department during the autumn. These emphasised the importance of adapting the money laundering regulations for credit managers whose starting point is based on risk. The regulations must also be applicable to companies such as Intrum, that act in three-party relationships, unlike the banks.

Our yearly reports provide answers

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. Our yearly reports on European consumers' (European Consumer Payment Report) and companies' views on payments and credit management (European Payment

Be a respected and highly trusted actor

Long-term sustainability targets 2020–2023

- Achieve climate neutrality before 2030, cutting our total emissions by at least 20 percent compared with 2019.

Outcome 2020

- Our emissions increased from 6,808 tonnes to 11,461 tonnes due to the increase of offices involved in the reporting from 90 to 180.

Agenda 2030



Target 13 – Climate action

- Target 13.2 – Integrate climate change measures into policy and planning

The next step

- Update our internal environmental instructions such as the instruction for company cars to enable decreasing emissions going forward.

Report) have been presented to the institutions of the EU for several years, most recently in the autumn of 2020. The institutions of the EU have, in turn, referred to the reports in, for example, the Late Payment Directive.

Integrating sustainability into the value chain

Our values provide a stable base from which to conduct daily sustainability efforts. An ongoing assessment and management of our risks and opportunities as a player in the financial ecosystem is vital for us to be able to assume a social responsibility and contribute to a truly sustainable development. Since 2016, we have been a member of the Global Compact and have committed ourselves to supporting the implementation of the ten principles regarding anti-corruption, human rights, working conditions and the environment in our value chain. We have also identified four goals in Agenda 2030 where our potential contribution is greatest.

Part of our ongoing sustainability efforts involves implementing internal rules to guide our employees when adopting a difficult ethical stance. Our Code of Conduct summarises our ethical rules and applies to all employees and others representing the company, including suppliers and partners. Early in the year, a digital in-house course on our Code of Conduct was launched. The training is specifically adapted to our activities and contains scenarios involving ethical dilemmas taken directly from reality. The goal is for all employees to complete the training once every two years – and 52 percent of employees had done so by the end of 2020.

We also have internal rules linked to the most important sustainability issues, such as the environment, data protection, anti-corruption and customer protection. The requirements for suppliers are regulated in our Code of Conduct, and all suppliers must sign the Code 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.

Read more about our sustainability governance on page 101.

Focusing on information security and data protection

As a credit management company, we handle large amounts of data for both clients and customers. We have both a legal and an ethical responsibility to handle sensitive data in a correct and responsible manner, with respect for personal privacy and human rights regarding arbitrary interference with privacy.

The Group's Privacy and Data Protection Instructions guide our employees and we have appointed special data protection representatives in all Group operating companies to ensure compliance with the General Data Protection Regulation (GDPR). During 2020, working from home increased due to the Covid-19 pandemic and, to ensure compliance with our Privacy and Data Protection Instructions under these new conditions, new guidelines were developed for local application.

We have also been instrumental in developing a European Code of Conduct for data protection in the debt collection industry, which is now awaiting certification by the European Data Protection Board (EDPB). The purpose of this Code is to establish common practices regarding how the data protection requirements should be implemented in credit management companies. In 2020, an analytical process was also initiated regarding how to review Group suppliers to map the transfer of personal data to third countries (outside the EU) in order to ensure regulatory compliance with the EDPB's new guidelines on complementary measures for such transfers.

Management of business-critical risks

Money laundering is a growing problem in society and there is always a risk that companies will be used for this type of criminal activity. Intrum works pro-actively and has implemented "Know Your Client" processes in all operating Group companies. Suspicious transactions are reported regularly to the relevant financial authority. Our instructions on anti-money laundering and terrorist financing and on the sanctions summarise how we work to prevent our operations from being used illegally. Furthermore, our customer relationship management system



(CRM) contains information and built-in controls to ensure that transactions are not conducted with countries, companies and individuals subject to sanctions.

Bribery and corruption are a widespread international societal problem, affecting companies and states alike. Our Code of Conduct and instructions against bribery and corruption communicate our zero tolerance of corruption and guides our employees and others representing the company in how we should act to manage this risk. Although corruption is relatively less widespread in Europe than in some other parts of the world, we work pro-actively, applying a risk-based approach, to combat corruption. During the year, we evaluated our operations and made an assessment of corruption risks based on the countries which we work in and based on our various operations. A special course was developed and is currently being implemented within the Group.

20%

Our objective is to achieve climate neutrality before 2030 and to reduce our total greenhouse gas emissions by at least 20 percent compared with 2019.

Climate issue concerns all

As a company and societal citizen, seeking to minimise our negative climate footprint is a key matter. Our largest reported climate footprint stems from business travel and energy consumption in offices. A smaller proportion of CO₂ emissions also derives from transports using company cars. Preventive environmental and climate efforts are regulated by our environmental instructions and Code of Conduct. Each of the Group's local operations have also formulated a plan to reduce their environmental footprint. The plans involve measures such as reducing travel and conducting meetings online instead, as well as improving energy efficiency in our offices.

Our objective is to achieve climate neutrality before 2030 and to reduce our total greenhouse gas emissions by at least 20 percent compared with 2019. In 2020, our total reported emissions decreased from 6,808 tonnes to 6,196 tonnes, which corresponds to about 9%. Our emissions in scope 2 have increased from 1,815 tonnes in 2019 to 3,532 tonnes this year, as the number of offices included in the report increased from 90 offices to 180 offices. Our emissions in scope 3 decreased from 4,819 tonnes in 2019 to 2,604 tonnes this year as a result of significantly reduced travels during the pandemic. We see that not only do we have an impact on the climate, but the climate also has an impact on our business in one longer perspective. We are now preparing for the Task Force on



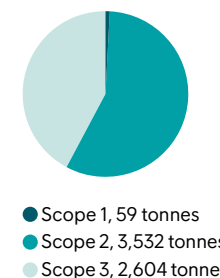
Climate-Related Financial Disclosures (TCFD) to be able to follow its recommendations going forward.

Handling of violations and incidents

All employees and others shall feel secure in reporting incidents that violate our Code of Conduct or other internal rules, and we urge them to report suspected regulatory violations either to their immediate manager or another operations manager, such as the compliance function or our whistle-blower function – the Code of Conduct Hotline. This function 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 breaches or incidents are addressed confidentially by our ethics council, which evaluates incoming cases and takes the necessary measures.

During 2020, three incidents were reported via the whistle-blower function, prompting further investigation and resulting in measures being taken. In one case, the investi-

Our climate footprint, reported CO₂e¹ emissions



Total tCO₂e emissions: 6,196²

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) Global Warming Potential 100 (The Intergovernmental Panel on Climate Change 2014).

2) Location-based. More information is available on page 108.

gation resulted in the terminating our relationship with one of our business customers. In the other case, the investigation led to support measures for the manager and staff concerned. In the third case, a probationary period was terminated due to a suspected violation of our Code of Conduct.

"Maintaining a genuine, long-term commitment"

For Kajsa Stenström, a lobbyist in Brussels, meetings at EU institutions are a part of everyday life. However, the advocacy work commences even before new bills are presented. Establishing a discussion on an issue is the first step.

What does a typical weekday look like for a Brussels lobbyist?

"A lot of my time is spent in various meetings at EU institutions, particularly at the Commission, which presents new legislative proposals. But it can also be a matter of participating in a committee debate at the European Parliament. A lot of networking takes place, both at daytime and in the evenings. You have to build contacts, work actively with external monitoring, pick up new information and gain an understanding of an issue from different perspectives."

How open is the EU? Is it easy to get in and to be involved and influence?

"The EU is extremely open, and arranging meetings and talks with decision-makers, does not present any problems. However, it is important to identify the right person. And you also have to join in at the right moment and have something meaningful to contribute. It is also important to be proactive. There are many open consultations in which you can participate, but to participate you must know which meetings are relevant. Again, you need effective external monitoring."



Kajsa Stenström, lobbyist, Brussels

What is the picture of the credit management industry in general?

"The industry is still subject to prejudice, partly because some actors work frivolously, helping give the industry a worse reputation. In addition, knowledge among stakeholders and decision-makers is generally very low. They do not understand how important this function is in society. It may, for example, be a matter of gaining access to data and statistics or to various educational initiatives. At the same time, Intrum, as a company, enjoys a very good reputation here in Brussels. This is precisely because they have worked pro-actively, offering knowledge, information and time."

How do you see Intrum being able to contribute to the development of a sustainable credit management market?

"It's about focusing on the most important issues associated with your own industry. Intrum works not only with the bills but also with soft issues, including excessive indebtedness, which is more relevant than ever as a result of the corona pandemic. Reaching a greater understanding of these issues is beneficial to society as a whole

and the economy. And here Intrum has been active and worked to create increased involvement in the EU."

What is Intrum's biggest imprint so far? in Brussels?

"Intrum's reports on the situation for companies and consumers, European Payment Report and European Consumer Payment Report, I would say are the biggest contributions to date. In 2019, the European Parliament produced a report on late payments, referring there to Intrum's statistics as many as 50 times. Intrum's reports are truly influential, a clear proof that advocacy work works."

How would you describe Intrum's contribution as a corporate citizen in general?

"Intrum's commitment to influencing the development of a sustainable credit market leaves quite an impression, even here in Brussels. Intrum is active throughout the credit cycle, which of course plays a very important role in today's society, given how we function and consume. In addition, Intrum generates value on soft issues, such as financial education for young people and other groups in society. Intrum is involved in the areas in which it possesses knowledge and can contribute to a transfer."

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 2020, Intrum AB's (publ) share capital amounted to SEK 2,899,805.49 distributed between 121,720,918 outstanding shares, of which 850,000 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 2020 the price of Intrum's share decreased from SEK 284.8 to SEK 216.8, a decline of 23.9 per cent, adjusted for a dividend of SEK 11.00 per share. During the same period the Stockholm Stock Exchange's index (OMXS) rose by 8.8 per cent. The lowest price paid for the share during the year was SEK 98.3 on 23 March, and the highest was SEK 292.4 on 5 February. The price at the end of the year gave a market capitalisation for Intrum of SEK 26,389 M (36,753). 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 2020 Intrum had 35,879 Shareholders, compared to 22,413 the year before. The 11 members of Group Management had a combined holding in Intrum of 333,387 shares and Intrum 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.

Data per share

	2020	2019	2018	2017 ¹	2016
Earnings before and after dilution, SEK	15.18	-2.76	14.18	14.62	20.15
Operating cash flow, SEK	70.35	48.77	46.84	–	46.64
Shareholders' equity before and after dilution, SEK	154.28	168.12	180.26	170.59	55.88
Dividend/proposed dividend, SEK	12.0	11.0	9.5	9.5	9.00
Dividend payout, %	70	n/a	67	65	45
Share price, SEK	216.8	279.4	205.7	303.3	307.4
Yield, %	5.5	3.9	4.6	3.1	2.9
Price/sales multiple	1.6	2.3	2.0	3.3	3.7
Price/earnings multiple	12.61	n/a	13.90	20.75	15.25
Number of shares at end of year	120,870,918	130,941,320	131,291,320	131,541,320	72,347,726
Average number of shares after dilution	123,913,717	131,065,781	131,390,632	102,674,307	72,347,726

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

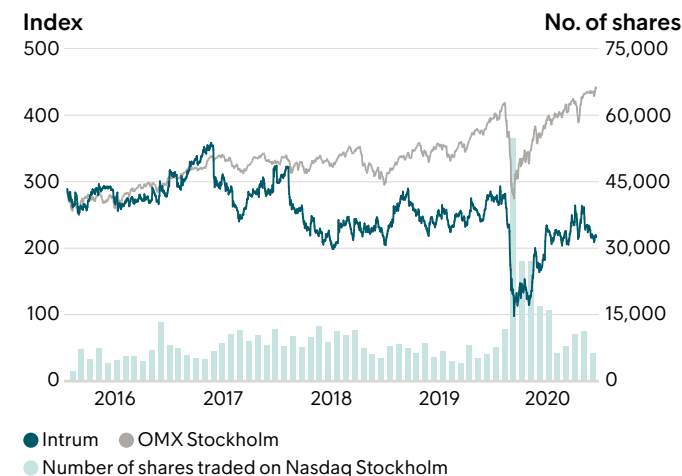
Share repurchase

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 in 2019, 350,000 shares were repurchased. During 2020 additional 10 070 402 shares were repurchased, whereof 9 820 402 shares were terminated in accordance with a decision taken by the Annual General Meeting 2020, resulting in a total of 850,000 shares constituting treasury shares at the end of the year.

Dividend policy

Intrum's Board of Directors aims to annually propose a dividend to shareholders on an absolute annual increase per year in dividends per share. Decisions relating to dividend proposals take into account the company's future revenues, financial position, capital requirements and the situation in general. For the 2020 financial year the Board is proposing a dividend of SEK 12.00 per share. The proposed record date for the dividend is 3 May 2021.

Shares traded



Ownership structure as of 31 December 2020

Total no. of shares	No. of shares	Equity, %
121,720,918		
Nordic Capital	57,728,956	47.4
AMF Pension & Fonder	11,046,371	8.4
Swedbank Robur Funds	4,122,069	3.1
Handelsbanken Fonder	2,520,856	2.1
Vanguard	2,222,567	1.8
Första AP-fonden	2,294,409	1.7
TIAA – Teachers Advisors	1,917,850	1.6
C WorldWide Asset Management	1,486,999	1.2
Norges Bank	1,181,774	0.9
BlackRock	1,061,774	0.9
Total, ten largest shareholders	85,583,625	68.8

Shareholdings by country

Country	No. of shares ¹	Equity, %
Sweden	98,184,197	78.5
USA	10,175,768	8.3
Norway	2,426,192	1.9
Denmark	1,664,100	1.4
Finland	1,316,458	1.0
Netherlands	762,864	0.6
Belgium	701,119	0.6
Luxembourg	688,854	0.6
UK	598,402	0.5
France	570,197	0.5
Others	1,007,360	0.8

1) Ownership distribution by country could not be identified for a total of 3,625,407 shares and has thus not been included in 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
2020 Cancellation of treasury shares ¹³	0	2,899,405.49	121,720,918	0.024

- 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 July 1 – December 31, 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 January 1 – December 31, 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 January 1 – December 31, 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.
- 13) The company's share capital was reduced by SEK 233,955 through the cancellation of 9,820,402 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 121,720,918 shares outstanding, representing the same number of votes.

Five-year summary

Income statement

SEK M	2020	2019	2018	2017	2016
Net revenues	16,848	15,985	13,442	9,434	5,869
Cost of goods and services sold	-9,501	-9,807	-7,369	-5,049	-3,069
Gross earnings	7,347	6,178	6,073	4,385	2,800
Sales, marketing and administration expenses	-1,918	-2,597	-2,201	-1,667	-871
Disposal of operations/Goodwill impairment	–	-2,700	–	–	–
Reversal of liability for additional purchase consideration	–	–	–	–	–
Participations in associated companies and joint ventures	-734	1,179	106	10	-8
Operating earnings (EBIT)	4,695	2,060	3,978	2,728	1,921
Net financial items	-2,062	-1,921	-1,363	-973	-165
Profit before tax	2,633	139	2,615	1,755	1,756
Taxes	-555	-424	-599	-389	-329
Net earnings for the year from continuing operations	2,078	-285	2,016	1,366	1,427
Net earnings for the year from discontinued operations	0	0	-73	137	41
Net earnings for the year	2,078	-285	1,943	1,503	1,468
Of which, attributable to the Parent Company's shareholders	1,881	-362	1,936	1,501	1,458
Non-controlling interests	197	77	7	2	10
Net earnings for the year	2,078	-285	1,943	1,503	1,468

Balance sheet

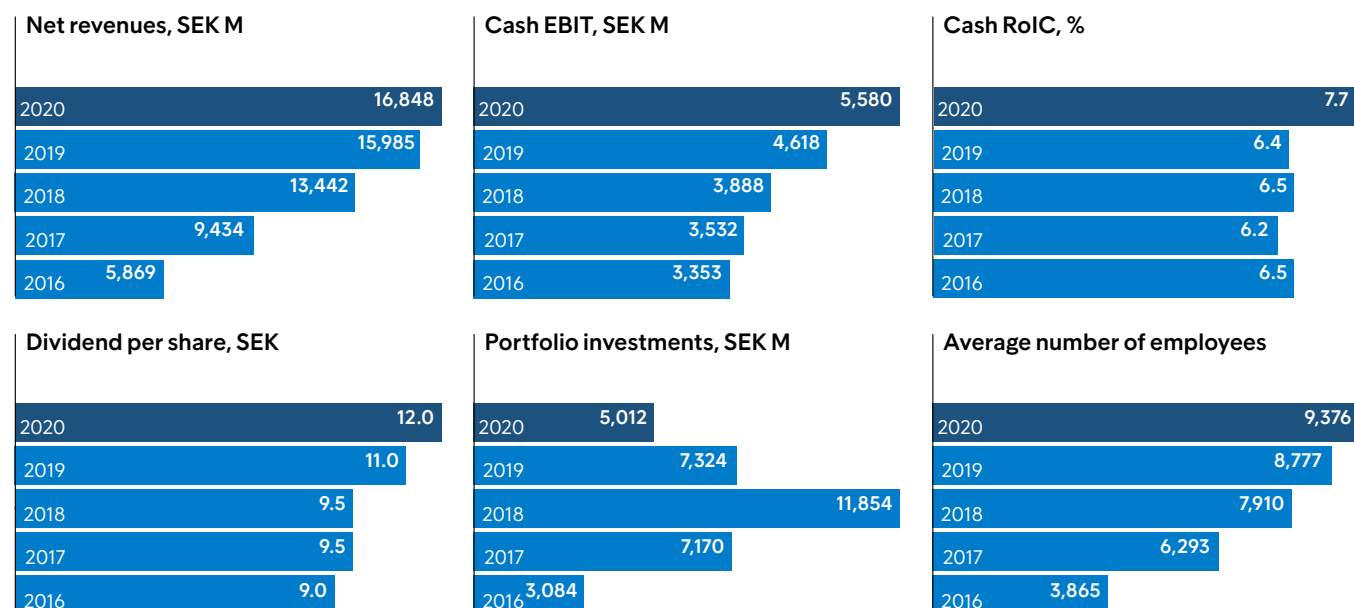
SEK M	2020	2019	2018	2017	2016
Assets					
Total fixed assets	72,975	77,869	67,904	54,815	12,304
of which, portfolio investments	27,658	28,508	24,830	21,149	8,733
Total current assets	7,793	8,267	8,129	4,646	2,100
Assets in operations held for sale	0	0	0	8,314	0
Total assets	80,768	86,136	76,033	67,775	14,404
Shareholders' equity and liabilities					
Total shareholders' equity	21,963	24,893	25,672	22,439	4,130
Total liabilities	58,806	61,243	50,361	44,168	10,274
Liabilities in operations held for sale	0	0	0	1,168	0
Total shareholders' equity and liabilities	80,768	86,136	76,033	67,775	14,404

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

	2020	2019	2018	2017	2016
Net revenues, SEK M	16,848	15,985	13,442	9,434	5,869
Revenue growth, %	5	19	42	61	8
Cash EBITDA, SEK M	11,607	10,655	9,776	9,204	6,773
Cash EBIT, SEK M	5,580	4,618	3,888	3,532	3,353
Cash RoIC, %	7.7	6.4	6.5	6.2	6.5
EBITDA, SEK M	6,224	6,344	4,878	3,165	2,090
EBIT, SEK M	4,695	2,060	3,978	2,728	1,921
Items affecting comparability in EBIT, SEK M	-1,043	-4,176	-610	-397	10
Revaluations of portfolio investments, SEK M	-33	28	88	-3	45
Adjusted operating earnings (EBIT), SEK M	5,738	6,208	4,500	3,128	1,866
Net earnings, SEK M	2,078	-285	1,943	1,503	1,468
Net debt, SEK M	46,951	49,105	42,122	37,322	7,260
Earnings per share, SEK	15.18	-2.76	14.18	14.62	20.15
Dividend/proposed dividend per share, SEK	12.0	11.0	9.5	9.5	9.0
Average no. of shares, thousands	123,914	131,066	131,391	102,674	72,348
No. of shares at year-end, thousands	120,871	130,941	131,291	131,541	72,348
Return on portfolio investments, %	9	15	14	16	20
Portfolio investments, SEK M	5,012	7,324	11,854	7,170	3,084
Average number of employees	9,462	8,777	7,910	6,293	3,865

For definitions, see Note 37 on page 95



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 the Nasdaq Stockholm exchange.

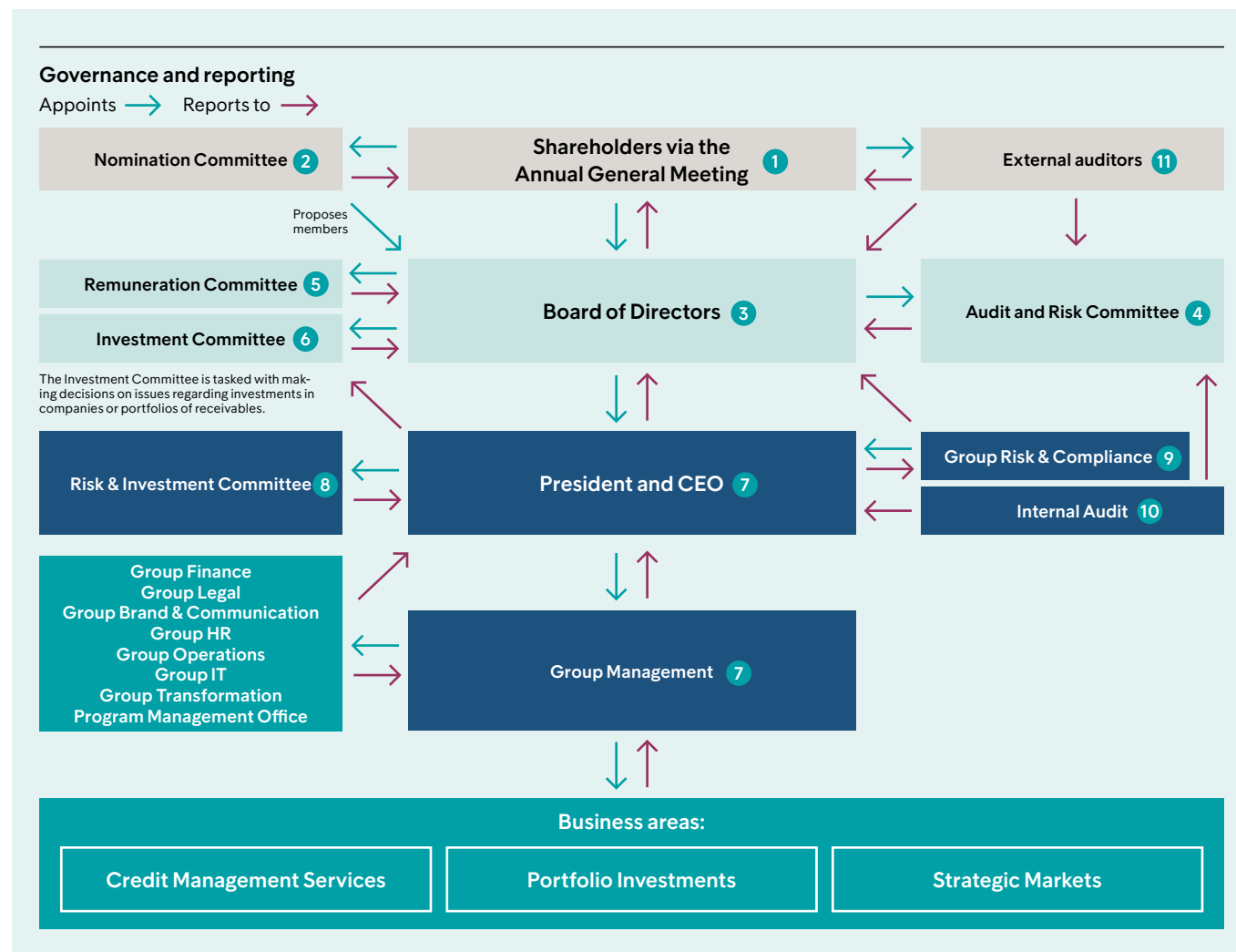
Corporate governance at Intrum

Examples of external regulations affecting governance at Intrum:

- Swedish Companies Act
- Accounting legislation and recommendations
- Nasdaq Stockholm's regulations for issuers
- Euronext Dublin regulations for issuers
- Luxembourg Stock Exchange's regulations for issuers (SOL)
- Market Abuse Regulation (MAR)
- Swedish Code of Corporate Governance
- 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 Swedish Code of Corporate Governance ("the Code") in order to describe how Intrum applied the Code during 2020. 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 Rules 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 "adhere 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.corporategovernanceboard.se, where the Swedish model of corporate governance is also described.

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

Shareholders 1

At the end of the year, Intrum's largest shareholder, Nordic Capital, held approximately 47.4 per cent of all shares outstanding in the company. See also page 37.

Annual General Meeting 1

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 6 May 2020. 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 11 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 2019 fiscal year,
- to elect the Board of Directors, a Chairman of the Board and a Deputy Chairman of the Board,
- to elect an auditor,

- 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 for 2020, 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 per cent of the company's treasury shares on Nasdaq Stockholm, and
- to implement a reduction of the share capital by cancelling repurchased shares and to increase the share capital through a bonus issue

Due to the ongoing pandemic, the 2020 Annual General Meeting was held in a limited format and shareholders were offered the opportunity to exercise their voting rights by mail (digitally). The Board members proposed for election or re-election, the auditor and the chairman of the Nomination Committee were not present. The Board of Directors had, however, made preparations to be able to respond to questions and to make decisions. The CEO attended and gave a short speech.

At the Annual General Meeting, 67 per cent of the shares conveying voting rights were represented.

The 2021 Annual General Meeting is scheduled for 29 April 2021. 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 2

The Nomination Committee is appointed in accordance with guidelines adopted by the Annual General Meeting. 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.

In drafting its proposals to the 2020 Annual General Meeting, and as presented in greater detail in the Nomination Committee's reasoned opinion to the 2020 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 Nom-

ination Committee found no reason to propose any changes regarding the size or composition of the Board of Directors and made the assessment that, combined, the proposed Board of Directors possessed the breadth, overall expertise and experience required with regard to the company's operations, stage of development and long-term needs. Of the Board members elected in 2020, 33 per cent were women (unchanged). The 2020 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 2021 Annual General Meeting was announced on October 8, 2020: Robert Furuhielm (appointed by Cidron 1748 Sarl/Nordic Capital) (chairman), Tomas Flodén (appointed by AMF and AMF Fonder), Helen Fasth-Gillstedt (appointed by Handelsbanken Fonder), Pia Gisgård (appointed by Swedbank Robur Fonder) and Ossian Ekdahl (appointed by the First Swedish National Pension Fund). 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.

The Chairman of the Board has reported the results of the 2020 Board evaluation to the Committee, which also held individual meetings with all Board members, as well as with the CEO. 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 four minuted meetings. No compensation has been paid to the Chairman of the Nomination Committee or to any other members of the committee for their work.

Board of Directors 3

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 least five and at most nine members with at most four deputies. From the 2019 Annual General Meeting until the 2020 Annual General Meeting, the Board of Directors comprised nine members elected by the Annual General Meeting: Per E. Larsson, Hans Larsson, Andreas Näsvisk, Kristoffer Melinder, Magdalena Persson, Andrés Rubio, Liv Fiksdahl, Ragnhild Wiborg and Magnus Yngen. At the 2020 Annual General Meeting, the same Board members were elected with no deputies. 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 45–46.

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 Näsvisk 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 22 minuted meetings in 2020 (19 in the preceding year). Over the year, the Board devoted particular focus to the following issues:

- a new strategy and new financial targets,
- the Group's earnings and financial position,
- Covid-19 and the impact of the pandemic on the company and its operations,
- interim reporting,
- the Group's financing,
- share repurchases,
- corporate governance, risk management and internal control,
- corporate acquisitions and investments in 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. A new CEO was appointed in October 2020.

The company's auditor attended one Board meeting during the year (as well as all meetings of the Audit 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. The chairman has presented the results of the evaluation to the Nomination Committee. The Board of Directors assesses the CEO on an ongoing basis and addresses with the issue regularly. A new CEO was appointed in October 2020.

Attendance at Board meetings in 2020

Per E Larsson	22/22	Magdalena Persson	22/22
Magnus Yngen	21/22	Ragnhild Wiborg	22/22
Andreas Näsvisk	22/22	Liv Fiksdahl	22/22
Hans Larsson	20/22	Andrés Rubio	21/22
Kristoffer Melinder	19/22		

Compensation for directors

In accordance with the decision by the 2020 Annual General Meeting, fees and other compensation to the Board of Directors

are payable totalling SEK 7,130,000, of which SEK 1,050,000 to the Chairman of the Board, SEK 575,000 to the Deputy Chairman of the Board, SEK 475,000 to each of the other Board members, SEK 205,000 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 265,000 to the Chairman of the Investment Committee, SEK 155,000 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 4

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 Committee 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 Committee has established guidelines for which services, other than auditing services, the company may procure from the auditor.

Since the 2020 Annual General Meeting, the Audit and Risk Committee has consisted of Ragnhild Wiborg (chairman), Hans Larsson and Andreas Näsvisk. 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 Näsvisk is considered to be independent in relation to the company, company management but not to major shareholders. Normally, the auditor, the company's CEO, the 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 2020 (four times in 2019). 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 (incl. financial risks, operational risks and IT security), regulatory compliance, aspects of internal control and reporting of portfolio investments. In addition, the Committee has considered the annual accounts and the audit procedure for the Group, recommendations regarding the election of external auditors at the

Annual General Meeting, tax and financing issues, as well as the preparation of the Board's efforts to assure the quality of the Group's financial reporting.

Remuneration Committee ⁵

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 2020 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 2020, the Committee met three times (four meetings in the preceding year) with all Committee members present. Among other matters, work has focused on proposing targets and outcomes for incentive programmes, recruitment of new members of Group management, succession planning and preparation of a proposal for a long-term incentive programme for 2021.

Investment Committee ⁶

The Board of Directors has established an Investment Committee that 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.

The Committee met three times in 2020 (eight times in the preceding year). The work focused exclusively on investments in companies or portfolios of receivables. Kristoffer Melinder was absent on one occasion. In other regards, all members attended all meetings.

Remuneration principles for senior executives

The 2020 Annual General Meeting adopted the Board's proposal on the principles of compensation and other terms of employ-

ment 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 2020 are described in Note 30, on pages 89-90. The Board of Directors' proposed guidelines for 2021 are reported in full in the Directors' Report on page 54-55. For a more detailed account of wages and remunerations for senior executives, see Note 30 on pages 89-90. The remuneration report in accordance with the Shareholders' Rights Directive is available at www.intrum.com.

On 31 January 2021 the Board of Directors of Intrum AB (publ) was informed by its largest shareholder, a Nordic Capital controlled entity, that it has granted 3,200,000 call options that entitles to purchase of 3,200,000 Intrum shares, to Intrum's President and CEO Anders Engdahl, and 640,000 call options that entitles to purchase of 640,000 Intrum shares, to Intrum's Chairman Per E Larsson. The call options have been purchased on market terms and the value of the call options has been calculated by an independent valuation institute using a standard valuation model (Black-Scholes). The call options are divided into five series and each call option entitles to the purchase of one Intrum share during a certain exercise period and to a certain exercise price depending on the series. The call option grant does not result in any dilution for Intrum's other existing shareholders nor does it inflict any additional costs for Intrum.

Group Management ⁷

Intrum's Group Management team 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 Chief Transformation Program Officer (CTPO), the Managing Director (MD) CMS, of Secured Assets & M&A, the Managing Director (MD) CMS, of Sales and Service Development & Markets, the Managing Director for Italy, the Managing Director for Spain and the Managing Director 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 47-49.

Risk and Investment Committee ⁸

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 ⁹

The company has a Risk and Compliance function that is headed by the CRO. The function is tasked with pro-actively 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 Audit and Risk Committee and the Board of Directors on a quarterly basis.

Internal Audit ¹⁰

The Group's Internal Audit constitutes an independent review function that reports directly to the Board via the Audit and Risk 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. The unit reports completed reviews to the Audit Committee on a quarterly basis, with some 50 such reviews being completed over the year.

Auditor ¹¹

At the 2020 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 2021 Annual General Meeting. The auditor is considered to be independent. Beyond the audit assignment, the company has also consulted Ernst & Young AB on 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 31 on page 90. 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 and Risk 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 progressed as planned in 2020, and is expected to be completed in the third 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.

Mr Larsson has previously served at OMX AB (which owns the Stockholm Stock Exchange among others), both as CEO and as a Board Member, as well as Chairman of the Board of the Stockholm Stock Exchange. He has since held positions as CEO of Borse Dubai, been a member of the Global Managing Board at UBS, as CEO of UBS in the Middle East and North Africa, and a number of other board assignments. He is currently Chairman of the Board of Itiviti and Max Matthiessen and Senior Advisor and Operating Chairman for Nordic Capital Funds.

Shareholding in Intrum AB (publ): 33,500 and 640,000 call options issued by Cidron 1748 S.a.r.l (Nordic Capital)

Independent in relation to the company and its management but not 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 Fractal Gaming, and a Board Member of Dometic.

Shareholding in Intrum AB (publ): 7,500

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 of Capgemini Invent. She has held several senior roles within DNB and has been a member of the Group Executive Management for ten years, where her most recent role was Group EVP, CIO/COO. Liv Fiksdahl is a Board Member of Posten Norge A/S, 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.

Mr. 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), Norwegian Finans Holding ASA and Bank Norwegian AS. 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 been a Board Member of GHD Gesundheits, Fougera, Lindorff, AniCura, Greenfood, The Binding Site, Ellos, Convatec, Resurs, Dynal Biotech, KappAhl, Nycomed and Atos Medical. Current assignments include Managing Partner at 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.



Andreas Näsvik

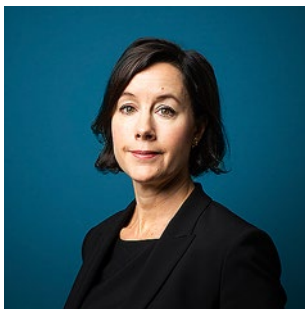
Born: 1975

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 at Deutsche Bank and Goldman Sachs. He has also been a Board Member of Lindorff AB. Näsvik is currently a Board Member of Concilium AB and Ryds Bilglas AB and is a partner in 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

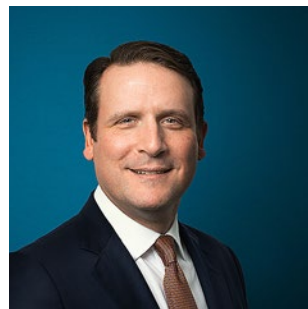
Elected: 2018

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 within Microsoft, SamSari and WM Data. She is Chairman of the Board of Iver AB, a Board Member of NCAB Group and an advisor to EQT Partners. She has previously been Chairman of the Board of Affecto Plc, Chairman of the Board of Nexon Asia Pacific, and a Board Member of Aditro and Fortnox.

Shareholding in Intrum AB (publ): 1,500

Independent of the company, its management and major shareholders.



Andrés Rubio

Born: 1968

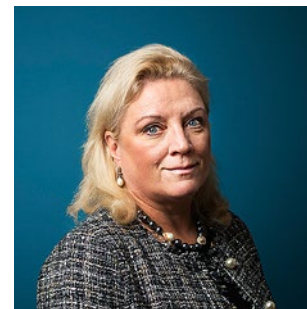
Elected: 2019

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, Chairman of Crealsa Investments Spain, S.A., Board Member of Blip Billboards, Advisory Board Member for Essex Lake Group and 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 Paulo.

Ragnhild Wiborg is Chairman of the Board of EAM Solar AS and a Board Member of Gränges AB, Sbanken ASA and Kistefos ASA. She was previously active in asset management as partner/CIO and Portfolio Manager at Odin Fonder and Wiborg Kapitalförvaltning. Before that, she worked at various investment banks in the Nordic region and in 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



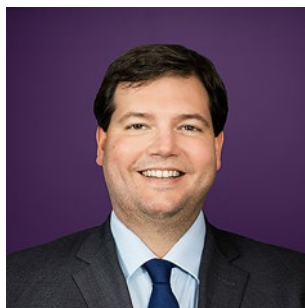
Anders Engdahl

President and CEO

Born: 1974

Anders Engdahl was appointed Chief Executive Officer (CEO) of Intrum in October 2020. Prior to that, he had been Intrum's CFO since June 2019, before which he has been the company's Chief Investment Officer and 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.

Shares held, personally and through closely related parties: 202,000 and 3,200,000 call options issued by Cidron 1748 S.a.r.l (Nordic Capital).



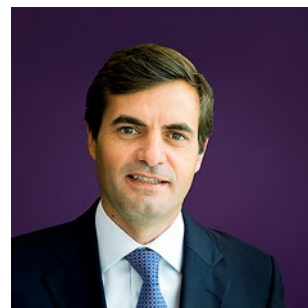
Michael Ladurner

Chief Financial Officer

Born: 1980

Michael Ladurner was appointed as Chief Financial Officer on 28 January 2021. Michael began working at Lindorff in 2016 as Investment Director for the German operations, after which he became Business Development Manager for the Portfolio Investment operations throughout Intrum from September 2017 to May 2019. After that, he was appointed as Group Strategy & Analytics Director. Michael previously worked for Bank of America Merrill Lynch in London, focusing on acquisitions and European financial institutions. He holds a BA in economics and politics from the University of Warwick (UK) and an MA in finance from EDHEC (France).

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



Javier Aranguren

Chief Investment Officer

Born: 1976

Javier Aranguren took over as CIO in February 2020. He began working at Intrum in 2011 and has held several roles within Investments, including as Group Investment Director since 2018. Javier has previously held several leading positions in the financial sector at companies such as Capital One, GE Money and TDX. He holds two bachelor's degrees in business administration and law from Pontificia Comillas University (ICADE E-3).

Shares held, personally and through closely related parties: 250.



José Luis Bellosta

Managing Director Spain

Born: 1969

José Luis Bellosta joined Intrum in April 2021. Bellosta has an extensive international experience in the financial sector from Mastercard, Citigroup, Liberbank and Santander. His previous employment was as Managing Director of Aliseda, a company owned by Blackstone and Santander Group focused on management of non-performing loans and real estate assets. Mr. Bellosta has a BSc in Business administration and a MBA from Saint Louis University, Missouri (USA), and a PDD at IESE Business School (Spain).

Shares held, personally and through closely related parties: 0



Johan Brodin

Chief Technology Officer

Born: 1968

In November 2019, Johan Brodin was appointed Chief Technology Officer (CTO). Johan Brodin had previously been the Chief Risk Officer (CRO) at Intrum and, prior to joining the company in 2011, he had held 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.

Shares held, personally and through closely related parties: 7,050.



Per Christofferson

Managing Director Credit Management Services, 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 Director, when Intrum discontinued its former regional structure. Per Christofferson has also previously been responsible for Intrum's Credit Management Services and been Group Operations Director. 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. Per Christofferson holds a master's degree from CWRU (Case Western Reserve University) in Cleveland, Ohio, as well as a Master of Science in Engineering from Linköping University.

Shares held, personally and through closely related parties: 25,000.



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 marketing and communications manager 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. Anna Fall holds a degree in Political Science, Business Administration and Communication from Uppsala University.

Shares held, personally and through closely related parties: 750.



Georgios Georgakopoulos

Managing Director Greece

Born: 1969

George Georgakopoulos began working at Intrum in October 2019 and became a member of Group Management in February 2020. George has had a long career in the financial sector, beginning at Barclays in London in 1995. He has also worked in Paris, and more recently in Eastern Europe and Greece. Among other positions, he has worked at Bancpost in Romania and been the CEO of 4Finance. Prior to joining Intrum, he was Executive General Manager and BOD member at Piraeus Bank in Greece. George holds a degree from Athens Law School and a BA from the University of Glasgow.

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



Marc Knothe

Managing Director Italy

Born: 1968

Marc Knothe was appointed as Regional Manager 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.

Shares held, personally and through closely related parties: 20,067.



Karin Lagerstedt Woolford

Chief Human Resources Officer

Born: 1969

Karin Lagerstedt Woolford began working at Intrum in May 2020 when she was appointed Chief Human Resources Officer. She has an extensive background in several senior HR roles at a number of different companies, and joined Intrum from listed company Eltel where she was HR Director. Karin Lagerstedt Woolford has previously worked at Ovako, Green Cargo and, for many years within the SEB Group, where her last role was as Deputy HR Director. She holds a degree in international economics from the School of Business, Economics and Law, Gothenburg University.

Shares held, personally and through closely related parties: 700.



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.

Shares held, personally and through closely related parties: 2,000.



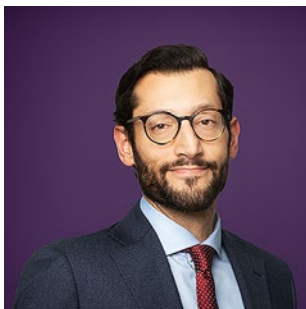
Julia Reuszner

Chief Risk Officer

Born: 1976

Julia Reuszner took up the position of Chief Risk Officer at Intrum in August 2020. She joined Intrum from the role of CEO of Pepins Group AB, which is a digital investment platform. Julia Reuszner has a broad background from both the financial sector and the e-commerce sector, and among other appointments, she has been CFO and Acting CEO of the Adlibris Group. She also has extensive experience of acquisitions and investments from her time at Adlibris, Pepins and from the private equity company Capman, where she was Investment Director. Julia Reuszner holds a master's degree in Economics and Business Administration from the Stockholm School of Economics.

Shares held, personally and through closely related parties: 1,000.



Mohammed Salloum

Chief Transformation Program Officer

Born: 1985

Mohammed Salloum took up the position of CTPO in January 2021. He joined the company in 2020 as Group Finance Director. Mohammed previously worked at McKinsey & Company, where he was Engagement Manager with a focus on strategy, transformation and finance. Mohammed has a broad financial and advisory background from companies including Hemfrid AB, Capgemini Consulting and AB Volvo. He holds a PhD in financial management and a BA in finance.

Shares held, personally and through closely related parties: 1,149.



Harry Vranjes

Chief Operating Officer

Born: 1970

Harry Vranjes was appointed Chief Operating Officer (COO) on 1 January 2020. Until the end of 2019/ beginning of 2020, 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.



Anette Willumsen

Managing Director Credit Management Services, 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 Manager 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).

Shares held, personally and through closely related parties: 56,891.

Signing of the Corporate Governance Report by the Board of Directors

Stockholm, 26 March 2021

Board of Directors, 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 auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement for the financial year 2020 on pages 40-49 has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance 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 corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 29 mars 2021
Ernst & Young AB

Jesper Nilsson
Authorized 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 2020 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. 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 2020, the share capital amounted to SEK 2,899,805 and the number of shares to 121,720,918, of which 850,000 are treasury shares. Intrum 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 pages 96. For reconciliation of key financial indicators, see also Note 37 on pages 95.

Significant events during the year

During the period 13 March 2020 to 15 April 2020, the company acquired 9,820,402 shares in a repurchase programme. In accordance with the resolution by the Annual General Meeting, all of these shares were withdrawn on 2 June 2020. On March 25, Intrum announced the Impact of Covid-19 on Intrum's business and revised the financial targets of the group. Intrum took extensive steps to assure the wellbeing of Intrum's employees and to ensure that we were able to continue to conduct business. This involved, among other things, ensuring that the majority of our approximately 10,000 employees could work from home using secure connections directly into our production system.

On 22 May, Intrum announced an updated prospectus in respect of the company's Medium Term Notes (MTN), programme, which enables the company to issue bonds on the Swedish market. The amount for the MTN programme was increased from a maximum of SEK 5 billion to a maximum of SEK 10 billion.

On July 23rd, Intrum announced that it has launched an offering of EUR

Revenues for 2020 increased to SEK 16,848 M (15,985). EBIT amounted to SEK 4,695 M (2,060) and net earnings for the year amounted to 2,078 (-285), earnings per share was 15.18 (-2.76). Operating earnings excluding items affecting comparability ("adjusted operating earnings (EBIT)") decreased to SEK 5,738 M (6,208).

Segments

Intrum's service offering is divided into three segments: Credit Management Services, Strategic Markets and Portfolio Investments.

The Credit Management Services segment offers servicing arrangements to clients in 21 of the 24 European markets where Intrum operates with a focus on late payment and collection.

The Strategic Markets segment offers the same services in Italy, Spain and Greece.

The Portfolio Investments segment acquires portfolios of overdue receivables which we collect on our own behalf. Real estate acquisitions, primarily through the seizure of collateral for purchased covered receivables, other financing services and payment guarantees are included in the Portfolio Investments segment.

Credit Management Services

The net revenues for the segment for the year decreased to SEK 4,375 M (4,748), or by 8 per cent, compared with the preced-

Revenues, SEK M

2020	16,848
2019	15,985
2018	13,442
2017	9,434
2016	5,869

Operating earnings (EBIT), SEK M

2020	4,695
2019	2,060
2018	3,978
2017	2,728
2016	1,921

500 M in aggregate principal amount of fixed rate senior notes due 2025. The proceeds from the offering will be used to refinance a portion of Intrum's outstanding EUR 750 M senior fixed rate notes due 2022.

On 24 July, Intrum issued a five-year, senior unsecured bond of EUR 600 M with a fixed interest rate of 4.875 per cent. The proceeds were used to refinance Intrum's outstanding senior bonds of EUR 750 M maturing 2022.

On 3 September, Intrum issued two unsecured bonds – a two-year bond of SEK 750 M at STIBOR 3m +250 basis points, and a five-year bond of SEK 1,250 M at STIBOR 3m +460 basis points. The bonds were issued under the Swedish MTN programme and are listed on Nasdaq Stockholm. The funds were used to repay the existing credit facility.

On 16 September, Intrum announced an offer for a tap issue of the senior EUR denominated bonds maturing 2025 with a total nominal value of EUR 200 M, the issue was a supplementary issue to the senior bonds issued on 5 August 2020. The funds were used to repay the existing credit facility.

On 18 October, the Board of Directors of Intrum AB reached an agreement

with Mikael Ericson whereby he would leave the company after four years as President and CEO. At the same time, the Board of Directors appointed the company's then Chief Financial Officer Anders Engdahl as the new President and CEO with immediate effect.

During the period 26 October 2020 to 6 November 2020, the company announced a repurchase program of 250,000 shares to secure exposures to the company's long term incentive program. The repurchase program was completed on the 9 November 2020, following this program, the company's total treasury holding amounts to 850,000 shares, corresponding to 0.70 per cent of the total number of shares and votes in the company. In the future, these 850,000 shares may be transferred to meet commitments under incentive programmes for company management. No dilution effect has been calculated for these shares.

ing year, and operating earnings increased to SEK 1,613 M (1,558). 2020 was characterised by operational challenges during the Covid-19 pandemic with up to 75 per cent of employees working remotely and low volume of new case inflow, driven by payment holidays, introduced both by clients and policymakers. Thanks to the flexibility of our employees, and the large portion of payments being made via automated and electronic channels, Intrum was able to handle the challenges well. The year ended on a positive note with strong new sales and a record large pipeline underpinning the relevance of our product offering and underlying demand for our service.

Strategic Markets

The net revenues for the segment for the year increased to SEK 5,409 M (4,182), or by 29 per cent, compared with the preceding year, operating earnings increased to SEK 1,547 M (-1,974).

The segment was faced with significant operational challenges during the Covid-19 pandemic. During the first wave the restrictions put in place by the authorities to curb the spread of Covid-19, had a direct and indirect impact on our operations. For example, the legal system was partially shut and individual's freedom of movement was curtailed which impacted our revenues and profitability.

During the second wave the measures were more targeted and had a lower impact on economic activity. The legal systems largely continued to operate, however with lower efficiency and longer processing times than before the pandemic. As an example, for the year only circa 50 per cent of the expected real estate auctions in Italy were carried out. In 2020 our Greek operation was included into our results for the full year. Its performance was highly satisfactory, delivering according to the original business plan despite pandemic related challenges.

Portfolio Investments

The net revenues for the segment for the year increased to SEK 7,064 M (7,055), operating earnings decreased to SEK 3,251 M (4,960).

The performance of our Portfolio Investments in 2020 is a source of particular satisfaction, demonstrating the strong resilience of our business across our footprint and asset classes. The full year investment level was at the replenishment rate in accor-

dance with our communication in spring and we invested at higher returns compared to pre-Covid-19 levels.

During 2020, the book value of our investments decreased by 6 per cent to SEK 33.3 billion (35.4). The change in book value is largely explained by stronger reporting currency, SEK, which marked down our book value by SEK 1.9 billion in 2020 compared to 2019. Adjusted return on portfolio investment was 12 per cent (15).

Expenses

The gross profit margin for the year of 44 per cent (39) was higher than the preceding year as we benefitted from the cost program launched in 2019 despite pandemic related challenges. Earnings for the year were charged with items affecting comparability of SEK 1,043 M.

Amortisation/depreciation and impairment

Operating earnings for the year were burdened by depreciation/amortisation and impairment of tangible and intangible fixed assets by SEK 1,529 M (4,284), thereof impairments 0 (3,038). Operating earnings before depreciation/amortisation (EBITDA) amounted to SEK 6,224 M (6,344).

Net financial items

Net financial items amounted to SEK -2,062 M (-1,921) and consisted of net interest costs of SEK -1,744 M (-1,492), exchange rate differences of SEK 16 M (18) and other financial items of SEK -334 M (-447). The net interest costs were negatively affected by higher borrowing compared with the preceding year.

Other financial items for the full-year include SEK -87 M (-252) in expenses for premature redemption of bonds and prepaid drawings under the revolving credit facility.

Taxes

The tax expense for full year 2020 was SEK 555 M (424), 21.1 per cent. The tax expense is affected by several partially offset items with a positive net effect on the tax rate. The company's assessment is that the tax expense will, over the next few years, be around 20-25 per cent of earnings before tax for each year, excluding the outcome of any tax disputes.

Share of consolidated revenues



Cash flow and investments

Cash EBITDA for the full year amounted to SEK 11,607 M (11,444), and cash flow from operating activities amounted to SEK 8,716 M (6,392). Cash flow from investing activities amounted to SEK -5,444 M (-11,646) and cash flow from financing activities to SEK -2,779 M (5,838).

Research and development

Intrum 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 672 M (699) and largely involved hardware and software for IT systems, primarily for production. Technical development is rapid and when 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 adapt and meet these changes in demand.

Financing

Net debt decreased by SEK 2.2 billion since the end of the preceding year. Payments have been made for the year's share dividend, as well as for investments in portfolios, subsidiaries and joint ventures.

Net debt in relation to rolling 12-month cash EBITDA amounted to 4.0 at the end of the year. In 2020, 10,070,402 shares were repurchased for SEK 1,307 M. Accordingly, the average number of shares outstanding over the year was 123,913,717 compared with 131,065,782 in the preceding year.

Goodwill

Goodwill amounted to SEK 31,650 M as per 31 December 2020, compared with SEK 33,358 M as per 31 December 2019. Of the change, SEK 5 M is attributable to new acquisitions made during the year, a negative SEK 4 M to the adjustment of the acquisition analysis and a negative SEK 1,709 M to exchange rate differences.

Sustainability

Intrum has prepared a Sustainability Report which is included in the Annual Report on pages 22–35 and 99–109. The Sustainability Report has been reviewed by EY, whose limited assurance statement can be found on page 109.

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 pro-actively on issues of finance and excessive debt.

Group Management

On 31 December 2020, Intrum's Group Management Team comprised Anders Engdahl (President and CEO), Michael Ladurner (Chief Financial Officer), Anette Willumsen (Managing Director Credit Management Services, Development and Markets), Harry Vranjes (Chief Operational Officer), Karin Woolford Lagerstedt (Chief Human Resources Officer), Johan Brodin (Chief Technology Officer), Julia Reuszner (Chief Risk Officer), Marc Knothe (Managing Director Italy), Niklas Lundquist (Chief Legal Officer), Per Christofferson (Managing Director Credit Management Services, Secured Assets, M&A, BPOs and Markets), Anna Fall (Chief Brand & Communications Officer) and Alejandro Zurbano (Managing Director Spain), Mohammed Salloum (Chief Transformation Program Officer).

Mikael Ericson (former President and CEO) left Intrum and the Group Management Team during the year.

Market outlook and future prospects

In both areas of Intrum's integrated business model (consisting of credit management servicing and portfolio investments), Intrum sees a favourable medium-term trend, although early 2021 is pervaded by macroeconomic uncertainty due to the ongoing pandemic that, in the short term, affects customer's decision-making.

Intrum continues to deliver on its transformation programme to become ONE Intrum and will gradually globalise, standardise and improve large parts of the collection process. After the transformation programme Intrum will have one global digital end-to-end collection process based on a global infrastructure and will be able to significantly improve efficiency whilst also strengthening the client and customer proposition.

Intrum sees a general trend of increased outsourcing of services due to regulatory pressure and efficiency gains, and expect the servicing market to increase across the footprint in the medium-term. Intrum expect the efficiency gains from the transformation programme and the underlying growing servicing market to set the company up for sustainable organic growth.

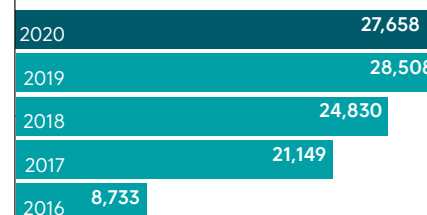
Compared to a normal year, clients were less eager to put portfolios on sale and less incentivised to close portfolio sales by year-end. The lower sales during 2020 creates built-up NPL volumes in the system that we expect to gradually come to the market. The elevated expected return levels experienced in 2020 is assumed to reduce, but not all the way down to pre-Covid-19 levels. Hence, the environment for the Portfolio Investments segment is expected to develop favourably and Intrum will leverage on the sourcing ability from a broad geographic footprint and strong liquidity position.

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 557 M (402) for the year and earnings before tax of SEK 524 M (-783). The Parent Company invested SEK 148 M (166) in fixed assets during the year and had, at the end of the year, SEK 553 M (220)

Carrying value, portfolio investments (SEK M)



Share of consolidated revenues



in cash and equivalents. The average number of employees was 56 (70).

The share and shareholders

At the end of the year there were 121,720,918 shares in the company, of which 850,000 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 company's largest shareholders were Nordic Capital (47.4 per cent of the shares outstanding), AMF Försäkring & Fonder (8.4), Swedbank Robur Fonder (3.1), Handelsbanken Fonder (2.1), Vanguard (1.8) and Första AP-fonden (1.7). See also the table on page 37. 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 2020, the Board held 22 meetings (19 in the preceding year). For a description of the work of the Board of Directors, please refer to the Corporate Governance Report on pages 40-49. 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 on pages 43. The Corporate Governance Report is also available at the corporate website www.intrum.com.

Events after the end of the year

On 28 January 2021, Michael Ladurner was appointed Chief Financial Officer (CFO) of Intrum. He reports directly to the President and CEO Anders Engdahl and is a member of the Group Management Team.

On 31 January 2021, the Board of Directors of Intrum AB (publ) informed the largest shareholder, a company controlled by Nordic Capital, that it had issued 3,200,000 share options, conveying entitlement to acquire 3,200,000 Intrum shares, to Intrum's President and CEO Anders Engdahl, and 640,000 share options, conveying entitlement to acquire 640,000 Intrum shares, to the Intrum's Chairman of the Board Per E Larsson. The share options have been issued to further link their interests with those of the shareholders.

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 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 2021. 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 employees. 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 adopted by the Annual General Meeting and are therefore excluded from these guidelines. The LTIP proposed by the Board to be adopted by the Annual General Meeting 2021 is excluded for the same reason, as well as similar programs to be adopted in the future. The proposed LTIP essentially corresponds to existing LTIPs. The LTIPs includes the GMT and other 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.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's long-term business strategy and short-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 comparable companies within similar industries in the relevant geographies. 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

Intrums Variable Salary Part ("VSP") aims 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 financial results (on group level or country level/s, as applicable) such as cash EBIT, cash Return on Invested Capital Portfolio Investment Service Line Earnings, Return On Investments and Book Value Growth. Members of the GMT may also have a smaller portion of targets linked to operational or non-financial metrics, such as for instance Employee Engagement Index. 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 is 35 to 50 percent of the Base Salary.

To which extent the evaluation metrics for awarding VSP have been satisfied is evaluated 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.

Extraordinary arrangements

Other one-off arrangements can be made on individual level in extraordinary circumstances when deemed necessary and

approved by the Board. The purpose might be in relation to recruitments, retention of top talent needed to secure successful implementation of the business strategy.

Any such arrangement need to be capped at an amount equal to two (2) times the individual's annual fixed salary.

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 percent 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 percent 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 percent of the Base Salary. For GMT members without housing benefits, such benefits may not amount to more than ten percent of the Base Salary.

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 percent of the Base Salary at the time of termination of

employment, unless otherwise provided by mandatory collective agreement provisions, and shall 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 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 section about extraordinary arrangements.

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 2020

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 2020 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 12 per share (11.00) be distributed to shareholders, corresponding to a total of SEK 1,450 M (1,332). The full dividend proposal is presented on page 97.

For further information on the earnings and financial position of the Parent Company and the Group, please refer to the income statements, balance sheets, summary 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 6 April 2021.

Risks and risk management

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 risks in a balanced way, the risks must first be identified, reported, analysed 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 inter-

nal dialogue about the risks generated by the operations and the resources necessary to counteract them.

We continuously strive to identify, assess, remedy and monitor the risks to which the Group is or may be exposed. Good internal controls are 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 controls,
- 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 where responsibilities are divided between business operations, risk control and compliance, and the internal audit.

Control of risk management and compliance

Our risk management follows the division of roles and responsibilities according to the three lines of defence illustrated below. Identified risks have been classified and balanced in relation to the business objectives, after which acceptable risk levels have been established in Intrum's Risk Appetite and Strategy Policy.

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 administration.

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 operational activities in the first line of defence to the Risk and Compliance function in the second line of defence.

Risk control

Comprises three focus areas: risk analysis, information security and operational risks. Also works to ensure that the business operations are equipped with the procedures, systems and tools required to uphold the on-going management of investments, as well as the reporting of these.

Compliance

Verifies that the business operations adhere to legislation and regulations, and support the business operations within their area of responsibility.

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 and Risk 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 limit set by the Board.
- Intrum 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.
- We have no appetite for intentional or deliberate violations of regulatory requirements and we should always strive for full compliance with applicable laws and regulations.
- The risk appetite forms the basis for an continuous 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 shall be adapted to these.

Significant 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 significant risks. The likelihood of these risks occurring and the impact they would have on Intrum are illustrated in the matrix.

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, information security, employees, climate and corruption.

Risk factors¹



Strategic risks

- A Macroeconomic risk
- B Competitive risk and price pressure
- C Acquisition risk
- D Transformation risk

- E Liquidity risk
- F Currency and interest rate risk
- G Tax risk
- H Financing risk
- I Portfolio investment risk

Operational risks

- J Information security risk
- K Political and regulatory risk
- L IT security risk
- M Employee risk
- N Corruption risk
- O Reputational risk
- P Epidemic and pandemic risk
- Q Climate risk

¹) The placement of the risks is interpreted per quadrant, in no particular order.

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. This risk is alleviated by the fact that we are diversified to 25 countries and the risk associated with individual countries therefore has a limited impact. 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 reflect players accepting lower return requirements, for example.	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 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 acquired company, due diligence, is always performed, generally in cooperation 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 leverage on economies of scale and to work even more efficiently to meet the expectations of our customers and other stakeholders. It is important that we succeed in our implementation of the transformation, with uniform processes and within the stated time while simultaneously complying with national legislation.	We have created a structured process and appointed a Chief Transformation Program Officer to ensure that the transformation program reaches the finish line. We have also created a solid governance structure for the programme, including key figures that are monitored continuously.

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, both financial and strategic.	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 per cent 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.
P 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 great 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, the main or sole purpose of which is to generate a tax advantage.
H Financing risk	Intrum's counterparties may be unable to meet their obligations towards the company. 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.	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 page 92.
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 some 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 page 92. 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 are related to the risk of losses incurred by inadequate or failed internal processes, people and systems, or from external events, including legal and compliance risks.

Risks	Description	Management
J Information security risk	In our operations, we are dependent on a large amount of information containing personal data.	Intrum prioritises privacy and appropriate approval of 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 page 33.

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 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 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 so as not to risk set goals from being achieved. This requires that we 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 reduced dependence on key personnel are in progress through, among other things, our work with continuity and the automation of working methods.
N Corruption risk	Attempts at corruption, bribery and money laundering may face our employees in various contexts, both internally and in relation to external stakeholders. Accordingly, 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 of 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 conduct debt collection operations in the long term and successfully. It is therefore extremely important that our customers (consumers) are always treated appropriately and helpfully. Generally, reputational 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 good collection practices.
P Epidemic and pandemic risk	An epidemic or pandemic that has a far-reaching impact on society and business also affects Intrum, as we interact with a large number of companies and private individuals in all of our markets. In 2020, the spread of Covid-19 has had far-reaching consequences for companies and individuals all over the world.	Intrum has continuity plans for all countries in which the company operates and for all units within the company. These describe the measures that can be taken to handle possible situations where, for example, ordinary workplaces are closed or where employees' absence due to illness may affect the business. The health and safety of our employees is always the highest priority for Intrum. All of our units have working continuity plans to ensure continuity even in the event that circumstances continue to develop negatively. We have revised certain guidelines for the business operations and for the treatment of customers in connection with Covid-19. Intrum cooperates with the local authorities and always follows their recommendations and guidelines in its operations.
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

Group		Note		Note	
Income statement	62	1 Significant accounting and valuation principles	68	20 Cash and cash equivalents	84
Balance sheet	63	2 Critical estimates and assumptions	73	21 Shareholders' equity	84
Cash flow statement	64	3 Information by geographic region and service line	74	22 Other long term liabilities	85
Changes in shareholders' equity	65	4 Net revenues and expenses	74	23 Pensions	85
		5 Amortisation/depreciation and impairment	75	24 Other provisions	86
		6 Share of the profit or loss of associates and joint ventures accounted for using the equity method	75	25 Borrowing	86
Parent Company				26 Accrued expenses and prepaid income	87
Income statement	66	7 Financial income	75	27 Pledged assets, contingent assets and contingent liabilities	87
Balance sheet	66	8 Financial expenses	75	28 Average number of employees	88
Cash flow statement	67	9 Taxes	75	29 Salaries and remunerations	88
Changes in shareholders' equity	67	10 Earnings per share	76	30 Terms of employment for senior executives	89
Notes	68	11 Intangible fixed assets	77	31 Fees to auditors	90
		12 Tangible fixed assets	79	32 Leasing	90
		13 Group companies	80	33 Financial instruments	91
		14 Associated companies and joint ventures	82	34 Financial risks and financial policies	92
		15 Portfolio investments	83	35 Acquisitions	94
		16 Other long-term receivables	83	36 Related parties	94
		17 Accounts receivable	83	37 Reconciliation of key figures	95
		18 Other receivables	84	38 Events after the end of the year	95
		19 Prepaid expenses and accrued income	84		

Consolidated income statement

SEK M	Note	2020	2019
Revenues from clients	3,4	10,085	9,368
Income from portfolio investments in accordance with the effective interest method	15	6,796	6,589
Positive revaluations of portfolio investments	15	3,145	920
Negative revaluations of portfolio investments	15	-3,178	-892
Total revenues	3,4	16,848	15,985
Cost of goods and services sold	3	-9,501	-9,807
Gross earnings		7,347	6,178
Sales, marketing and administration expenses	4	-1,849	-2,553
Goodwill impairment	5	0	-2,700
Provisions for credit losses on accounts receivable	17	-69	-44
Share of the profit or loss of joint ventures accounted for using the equity method	6	-734	1,179
Operating earnings (EBIT)	2, 3, 4	4,695	2,060
Financial income	7	59	81
Financial expenses	8	-2,121	-2,002
Net financial items		-2,062	-1,921
Profit before tax		2,633	139
Taxes	9	-555	-424
Net earnings for the year		2,078	-285
Of which, attributable to:			
Parent Company's shareholders		1,881	-362
Non-controlling interests	13	197	77
Net earnings for the year		2,078	-285
Earnings per share before and after dilution	10		
Average number of shares before and after dilution, thousands		123,914	131,066
Earnings per share before and after dilution		15.18	-2.76

Consolidated statement of comprehensive income

SEK M	Note	2020	2019
Net earnings for the year		2,078	-285
Other comprehensive income, items to be reallocated to earnings:			
The year's change in translation reserve attributable to the translation of foreign operations		-2,984	1,021
Comprehensive income for the year attributable to hedging of currency risks in foreign operations		735	-703
Items that can be reallocated to the income statement		-2,250	318
Other comprehensive income, items not to be reallocated to earnings:			
Revaluations of pension liability for the year	9,23	-3	-32
Total other comprehensive income		-2,253	286
Comprehensive income for the year		-175	1
Of which, attributable to:			
Parent Company's shareholders		-202	-94
Non-controlling interests		27	95
Comprehensive income for the year		-175	1

Consolidated balance sheet

SEK M	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Intangible fixed assets	11		
Goodwill		31,650	33,358
Capitalised expenditure for IT development		702	611
Client relationships		4,936	6,079
Other intangible fixed assets		159	191
Total intangible fixed assets		37,447	40,239
Tangible fixed assets			
Rights of use	32	831	888
Property investments		2	0
Computer hardware	12	53	53
Other tangible fixed assets	12	156	159
Total tangible fixed assets		1,042	1,100
Other fixed assets			
Shares and participations in joint ventures	14	5,266	6,539
Other shares and participations		0	0
Portfolio investments	15	27,658	28,508
Deferred tax assets	9	1,438	1,300
Other long-term receivables	16	124	183
Total other fixed assets		34,486	36,530
Total fixed assets		72,975	77,869
Current assets			
Accounts receivable	17	1,184	1,860
Property holdings		379	382
Client funds		1,125	1,060
Tax assets		193	382
Other receivables	18	1,338	1,334
Prepaid expenses and accrued income	19	1,441	1,343
Liquid assets	20	2,134	1,906
Total current assets		7,793	8,267
TOTAL ASSETS		80,768	86,136

SEK M	Note	31 Dec 2020	31 Dec 2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity attributable to Parent Company's shareholders	21		
Share capital		3	3
Other paid-in capital		18,237	18,237
Reserves		-606	1,475
Retained earnings including net earnings for the year		1,485	2,299
Total shareholders' equity attributable to Parent Company's shareholders		19,118	22,014
Shareholders' equity attributable to non-controlling interests	13	2,845	2,879
Total shareholders' equity		21,963	24,893
Long-term liabilities			
Liabilities to credit institutions	25	2,081	6,186
Bond loan	25	42,606	40,644
Non-current lease assets	32	651	474
Other long-term liabilities	22	622	1,303
Provisions for pensions	23	381	387
Other long-term provisions	24	48	19
Deferred tax liabilities	9	1,110	1,938
Total long-term liabilities		47,498	50,951
Current liabilities			
Liabilities to credit institutions	25	0	0
Bond loan	25	1,100	1,000
Commercial papers	25	2,916	2,794
Client funds payable		1,125	1,060
Accounts payable		493	512
Income tax liabilities		926	422
Advances from clients		64	88
Current lease assets	32	220	443
Other current liabilities		1,515	810
Accrued expenses and prepaid income	26	2,924	3,014
Other short-term provisions	24	24	149
Total current liabilities		11,307	10,292
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		80,768	86,136

For information on the Group's pledged assets and contingent liabilities, see Note 27.

Consolidated cash flow statement

SEK M	Note	2020	2019
Cash flow from operating activities			
Operating earnings (EBIT)	3	4,695	2,060
Not included in cash flow:			
Amortisation/depreciation and impairment	5, 11, 12	1,529	4,284
Amortisation/revaluation of portfolio investments	15	4,189	4,146
Other adjustments for items not included in cash flow	3	570	-1,059
Interest received		43	62
Interest paid		-1,581	-1,454
Payments for other financial expenses		-225	-474
Income tax paid		-969	-802
Cash flow from operating activities before changes in working capital		8,251	6,763
Changes in factoring receivables		36	-47
Other changes in working capital		430	-324
Cash flow from operating activities		8,716	6,392
Investing activities			
Purchases of intangible fixed assets	11	-334	-247
Purchases of tangible fixed assets	12	-338	-452
Portfolio investments in receivables and property holdings	15	-5,135	-7,323
Purchases of shares in subsidiaries and associated companies	35	-35	-5,135
Cash and cash equivalents in acquired/disposed subsidiaries	35	-	384
Divestments of shares in subsidiaries and associated companies		-	1,199
Other cash flow from investing activities		398	-72
Cash flow from investing activities		-5,444	-11,646

SEK M	Note	2020	2019
Financing activities			
Borrowings		50,787	95,943
Amortisation of loans		-50,855	-88,714
Share repurchases		-1,307	-86
Share dividend to Parent Company's shareholders		-1,332	-1,247
Share dividend to non-controlling interests		-72	-58
Cash flow from financing activities		-2,779	5,838
Change in liquid assets		491	584
Opening balance of liquid assets		1,906	1,348
Exchange rate differences in cash and cash equivalents		-263	-26
Closing balance of liquid assets	20	2,134	1,906
Group total			
Cash flow from operating activities		8,716	6,392
Cash flow from investing activities		-5,444	-11,646
Cash flow from financing activities		-2,779	5,838

Consolidated statement of changes in shareholders' equity See also Note 21.

SEK M	Number of shares outstanding	Share capital	Other paid-in capital	Reserves	Retained earnings incl. net earnings for the year	Total Shareholders' equity attributable to non-controlling interest	Non-controlling interests	Total shareholders' equity
Opening balance, 1 January 2019	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
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
Change 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
Opening balance, 1 January 2020	130,941,320	3	18,237	1,475	2,299	22,014	2,879	24,893
Comprehensive income, 2020								
Net earnings for the year					1,881	1,881	197	2,078
Other comprehensive income for the year:						0		0
The year's change in translation reserve attributable to the translation of foreign operations				-2,814		-2,814	-170	-2,984
Comprehensive income for the year attributable to hedging of currency risks in foreign operations				943		943		943
Revaluations of pension liability for the year					-2	-2		-2
Income tax on other comprehensive income				-208		-208		-208
Comprehensive income for the year	0	0	0	-2,081	1,880	-202	27	-175
Transactions with Group owners in 2020								
Share dividend					-1,332	-1,332	-60	-1,392
Shares withdrawn	-9,820,402							
Share repurchases	-250,000				-1,307	-1,307		-1,307
Change in Group structure					-54	-54	-1	-55
Closing balance, 31 December 2020	120,870,918	3	18,237	-606	1,485	19,118	2,845	21,963

Parent Company

Income statement			
SEK M	Note	2020	2019
Net revenues	3	557	402
Gross earnings		557	402
Sales and marketing expenses		–28	–25
Administrative expenses	4	–804	–793
Operating earnings (EBIT)		–275	–416
Income from participations in Group companies	7,8	1,382	976
Dividends from Group companies	7	23,942	-
Exchange differences on monetary items classified as expanded investment	7,8	678	–578
Interest income and similar items	7,8	1,315	1,297
Interest expenses and similar items	8	–2,038	–2,062
Impairments of financial assets	8	–24,480	-
Net financial items		799	–367
Profit before tax		524	–783
Tax on net earnings for the year	9	–104	96
Net earnings for the year		420	–687
Statement of comprehensive income			
SEK M	Note	2020	2019
Net earnings for the year		420	–687
Other comprehensive income		-	-
Comprehensive income for the year		420	–687

Balance sheet			
SEK M	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Intangible fixed assets	11		
Capitalised expenditure for IT development		298	141
Total intangible fixed assets		298	141
Tangible fixed assets	12		
Computer hardware		13	13
Total tangible fixed assets		13	13
Financial fixed assets			
Participations in Group companies	14	34,891	34,137
Deferred tax asset	9	0	104
Receivables from Group companies	16	33,304	35,386
Total financial fixed assets		68,195	69,627
Total fixed assets		68,506	69,781
Current assets			
Current receivables			
Receivables from Group companies		70	1,213
Other receivables	18	27	23
Prepaid expenses and accrued income	19	361	248
Total current receivables		458	1,484
Liquid assets			
Cash and bank balances	20	553	220
Total liquid assets		533	220
Total current assets		991	1,704
TOTAL ASSETS		69,497	71,485

SEK M	Note	31 Dec 2020	31 Dec 2019
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	21		
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		–5,939	–2,613
Net earnings for the year	13	420	–687
Total non-restricted equity		11,923	14,142
Total shareholders' equity		12,208	14,427
Long-term liabilities			
Liabilities to credit institutions	25	42,606	6,187
Bond loan	25	2,081	40,645
Liabilities to Group companies	9	5,669	3,361
Total long-term liabilities		50,386	50,193
Current liabilities			
Bond loan	25	1,100	1,000
Commercial papers	23	2,916	2,794
Accounts payable		49	72
Liabilities to Group companies		1,654	1,994
Other current liabilities		37	4
Accrued expenses and prepaid income	26	1,146	1,001
Total current liabilities		6,902	6,865
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		69,497	71,485

For information on pledged assets and contingent liabilities, see Note 27.

Cash flow statement

SEK M	Note	2020	2019
Cashflow from operating activities			
Operating earnings		-275	-416
Not included in cashflow:			
Amortisation/depreciation and impairment		32	61
Interest received		1,315	1,298
Interest paid		-1,660	-1,024
Payments for other financial expenses		-243	-
Cash flow from operating activities before changes in working capital		-831	-81
Changes in working capital		225	-608
Cash flow from operating activities		-606	-689
Investing activities			
Investments in intangible fixed assets		-185	-156
Investments in tangible fixed assets		-4	-10
Purchases of shares in subsidiaries and associated companies		-29	-3,326
Disposal of subsidiary		-	-
Share dividend from subsidiaries		187	-
Cash flows from investing activities		-31	-3,492
Financing activities			
Borrowings		50,172	96,485
Amortisation of loans		-50,858	-88,140
Net loans to subsidiaries		4,276	-2,862
Share dividend to Parent Company's shareholders		-1,332	-1,247
Share repurchases		-1,307	-86
Cash flow from financing activities		950	4,150
Change in liquid assets		313	-31
Opening balance of liquid assets		220	251
Closing balance of liquid assets	20	533	220

Statement of changes in shareholders' equity

See also Note 21.

SEK M	Number of shares outstanding	Share capital	Statutory reserve	Share premium reserve	Fair value reserve	Retained earnings	Net earnings for the year	Total share-holders' equity
Opening balance, 1 January 2019								
	131,291,320	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							-	-
Comprehensive income for the year							-687	-687
Disposition of previous year's earnings							155	-155
Transactions with Group owners in 2019								
Share dividend							-1,247	-1,247
Share repurchases							-86	-86
Closing balance, 31 December 2019							-2,613	14,427
Comprehensive income, 2020								
Net earnings for the year							420	420
Other comprehensive income for the year							-	-
Comprehensive income for the year							420	420
Disposition of previous year's earnings							-687	687
Transactions with Group owners in 2020								
Share dividend							-1,332	-1,332
Shares withdrawn							-	-
Share repurchases							-1,307	-1,307
Closing balance, 31 December 2020							-5,939	12,208

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 Hessel-mans Torg 14, Nacka, SE-105 24 Stockholm, Sweden. During 2019, the com-pany was listed on the Nasdaq Stockholm, Large Cap list.

The consolidated accounts were approved for publication by the compa-ny's Board of Directors on 1 April 2021. The balance sheets and income state-ments will be presented to the Annual General Meeting on 6 May 2021.

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 indi-cated 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 2019 and 2020, no new regula-tions relevant to Intrum came into effect in the IFRS issued by the IASB and that had not previously 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 cir-cumstances seem reasonable. The result of these estimates and assumptions is then used to determine the carrying values of assets and liabilities that oth-erwise 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 peri-ods 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, asso-ciated companies and joint ventures.

Changes in accounting principles

Changes 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 amor-tisation over the term of the contract. The lease liability is recognised includ-ing 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 mini-mum 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 compar-ison figures being recalculated. The principal effects on Intrum's account-ing 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 oper-ating earnings improving by SEK 43 M annually through the implicit inter-est 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.

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 12 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 12 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 subsidiar-ies, i.e., companies in which the Parent Company, directly or indirectly, holds more than 50 per cent 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 trans-action 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 oper-ations 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 recog-nise 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 unreal-ised gains and losses that arise from transactions within the Group are elimi-nated 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 own-ership 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 per cent 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.

During the year the Group did not hedge any other flow exposure pertaining to anticipated receipts or disbursements in foreign currency.

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 gross 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 gross 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 the income statement as a deduction item on the revenue line.

In connection with the purchase of each portfolio of receivables, a projection is made of the portfolio's future gross cash flows. Gross 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 acquisi-

tion 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 macro-economic 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 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.

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

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 were signed in connection with the Parent Company's issue of bonds in SEK that were exchanged for EUR to hedge net investments in foreign operations where the loan currency has been used in the operations. The liability in SEK was exchanged into the same liability in EUR on both the starting date and the date of maturity.

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 as an expense 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 that arises from the acquisition of a company outside Sweden is classified as an asset in the local currency and translated in the accounts at the balance sheet date rate.

Capitalised expenses 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 they are 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.

Investment 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.

An annual 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 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, of 12 months or less, and lease agreements for lower-value assets, for which lease fees are expensed on a straight-line basis. The lease liability is valued at the present value of future minimum

lease payments for the entire lease period (including any extensions, if it is deemed reasonably certain, when signing the contract, that these will be used) discounted at the marginal loan rate. Minimum lease payments include fixed fees after deductions for any benefits in connection with the signing of the lease and amounts expected to be paid by the lessee according to the residual value guarantee. When the lease liability has been determined, the right-of-use asset is reported at the same value as the lease liability. 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.

The lease liability is reassessed, and the right-of-use asset correspondingly adjusted, if the term of the lease changes, the lease payments change due to index adjustments or if additions are made to an existing lease that are not reported as a separate contract.

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, in which case the related tax effect is recognised in other total comprehensive income.

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, within the foreseeable future, 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 were initiated in 2018 or 2019.

Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers.

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. Income from property sales is reported 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 trea-

sury 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.

As of 1 January 2020, Intrum's operating segments are: Credit Management Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy, Spain and Brazil). The break-down by the aforementioned operating segments is also used for internal monitoring in the Group.

Among other things, Note 2 details net revenue and operating earnings by operating segment. 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. 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 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.

Note 2 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 (Notes 1 and 11)

As indicated in Note 11, an impairment test of goodwill was performed prior to the preparation of the annual accounts. The segments are judged to achieve a sufficient degree of integration that they form combined cash generating units and are deemed to meet the definition. 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 11. Projections of future cash flows are based on the best possible assessments of future income and operating expenses.

Portfolio investments

As indicated in Note 15, 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.

On a few occasions, the Group has sold 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 11 and 12.

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 9.

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, in the consolidated financial statements, Intrum consolidates the investment funds as a subsidiary.

Joint venture

As stated in Note 14, the Intrum Group has, since 2018, 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 per cent of the profit participating notes issued shareholder loans, through an agreement with another investor holding 20 per cent 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 4, 24 and 26, in 2019 and 2020, Intrum made provisions for future expenses, 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.

The Corona pandemic

The corona pandemic impacted the entire world during 2020 and Intrum was no exception. On 25 March 2020, Intrum stated that the effects of Covid-19 were expected to vary between markets and businesses. Management described how external events associated with the spread of Covid-19 were expected to affect the Group's productivity and earnings negatively for a period. Intrum communicated, at that time, its intention to reduce the pace of its investments and to raise its yield requirements on new portfolio investments. Over the year, management monitored developments continuously and acted when necessary, updating forecasts and continuously describing the effects. Due to the Group's geographical spread and product diversification and to payments largely occurring through automatic and online channels, Intrum had stable cash flows during 2020. As planned, new financial targets were communicated in connection with the capital markets day held in November.

Note 3 Information by segment

SEK M	2020	Group 2019
External revenues by segment		
Credit management services	4,375	4,748
Strategic markets	5,409	4,182
Portfolio investments	7,064	7,055
Total	16,848	15,985
External revenues by country		
Spain	2,471	2,976
Greece	1,861	622
Hungary	1,304	1,434
Norway	1,212	1,575
Italy	1,187	1,473
Germany	1,152	940
Finland	1,036	1,061
Sweden	1,023	925
France	737	940
Other countries	4,865	4,038
Total	16,848	15,985
Intra-Group revenues by segment		
Credit management services	1,637	1,676
Strategic markets	244	206
Portfolio investments	6	3
Elimination	-1,887	-1,885
Total	0	0
Segment earnings		
Credit management services	1,613	1,558
Strategic markets	1,547	-1,974
Portfolio investments	3,251	4,960
Group items	-1,716	-2,484
Total operating earnings	4,695	2,060
Net financial items		
	-2,062	-1,921
Profit before tax	2,633	139
Assets by country		
Spain	6,742	9,276
Norway	5,241	9,742
Italy	5,049	5,894
Finland	4,079	1,259
Greece	3,380	3,764
Germany	1,128	3,877
France	1,049	1,538
Other countries	11,821	5,989
Total	38,489	41,339

SEK M	2020	Group 2019
Investments in tangible and intangible fixed assets		
Credit management services	295	369
Strategic markets	183	170
Group items	194	160
Total	672	699
Amortisation/depreciation, impairment		
Credit management services	-348	-445
Strategic markets	-1,092	-3,695
Portfolio investments	-11	-11
Group items	-77	-134
Total	-1,529	-4,284
Goodwill impairment		
Strategic markets	-	2,700
Total	-	2,700
Not included in cash flow		
Credit management services	-74	144
Strategic markets	684	-1,123
Portfolio investments	0	-
Group items	-40	-80
Total	570	-1,058
Participations in joint ventures		
Credit management services	-	-
Strategic markets	-	-
Portfolio investments	-734	1,179
Group items	-	-
Total	-734	1,179
Total revenues by segment		
Credit management services	6,607	7,025
Strategic markets	5,755	4,436
Portfolio investments	7,064	7,055
Group eliminations	-2,578	-2,531
Total	16,848	15,985

Applied segments are Credit management services, Strategic markets and Portfolio investments. Central and joint expenses are spread across the segments in proportion to their purchasing power parity-adjusted revenues. The break-down by segments is also used for internal monitoring in the Group.

Intra-Group sales between the regions are made on commercial terms. Internal transactions between the Portfolio Investments and Credit Management service lines 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.

For 2020, revenues from an individual customer in the Strategic Markets segment corresponded to approximately 10% of the Group's net revenues. Interest income and expenses reported in net financial items 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 segments. Nor are actual reported interest income and expenses by segment included in any internal reporting to the CEO.

Note 4 Revenues and expenses

Revenues

SEK M	2020	Group 2019	Parent Company 2020	Parent Company 2019
Revenues from clients				
Collection fees, commissions and debtor fees	7,789	7,152	-	-
Subscription income	57	68	-	-
Commission income from payment guarantees	11	25	-	-
Sale of properties	568	832	-	-
Income from Group companies	-	0	557	402
Property services	441	577	-	-
Other income	1,214	714	-	-
Total	10,081	9,368	557	402
Revenues on portfolio investments				
Collections	10,957	10,772	-	-
Amortisation	-4,158	-4,183	-	-
Revaluation	-32	28	-	-
Total income from Portfolio investments	6,767	6,617	557	402
Total	16,848	15,985	557	402

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

Expenses

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Personnel expenses	-5,265	-5,110	-227	-177
Amortisation/depreciation	-1,529	-1,246	-32	-61
Impairment Goodwill	-	-2,700	-	-
Impairment IT	-	-338	-	-
Expenses for properties sold	-97	-202	-	-
Impairment property inventories	-21	-18	-	-
Other expenses	-4,507	-5,491	-573	-580
Total	-11,419	-15,105	-832	-818

Note 5 Amortisation, depreciation and impairment

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Capitalised expenditure for IT development	-224	-89	-22	-56
Client relationships	-934	-780	0	0
Other intangible fixed assets	-28	-64	-6	-2
Computer hardware	-25	-31	-3	-2
Other tangible fixed assets	-55	-53	0	0
Rights of use	-262	-229	-1	-1
Goodwill impairment	-	-2,700	-	-
IT impairment	-	-338	-	0
Total	-1,529	-4,284	-32	-61

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

Costs

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Cost of sales	-1,220	-1,057	-21	-6
Goodwill impairment	-	-2,700	-	-
Sales and marketing expenses	-189	-350	-9	-14
Administrative expenses	-120	-177	-2	-42
Total	-1,529	-4,284	-32	-61

Note 6 Share of the profit or loss of associates and joint ventures accounted for using the equity method

	Group	
SEK M	2020	2019
Joint ventures		
Itacha Investment DAC (Italy)	-708	1,247
Northwind Finco SL (Spain)	-26	-68
Total participations in earnings	-734	1,179

Note 7 Financial income

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Interest income from Group companies	-	-	1,277	1,243
Other interest income	43	63	38	55
Exchange rate differences	16	18	4,905	-
Dividends from Group companies	-	-	25,324	216
Group contributions received from Group companies	-	-	32	965
Gain on disposal of participations in Group companies	-	-	-	-
Total	59	81	31,576	2,479

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 6,796 M (6,589), 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 8 Financial expenses

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Interest expenses	-1,992	-1,686	-2,065	-2,001
Interest on lease liability in accordance with IFRS 16	-41	-43	-	-
Exchange rate differences	-	-	-4,232	-578
Gain on disposal of participations in Group companies	-	-	-	-205
Impairment shares in subsidiaries	-	-	-24,480	-
Other financial expenses	-88	-273	-	-61
Total	-2,121	-2,002	-30,777	-2,845

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 expenses include SEK -87 M (-252) in expenses for pre-mature redemption of bonds and credit facility. The Parent Company's interest expenses include interest expenses to Group companies of SEK -101 (-128) M.

Note 9 Taxes

The tax expense for the year breaks down as follows:

	Group	
SEK M	2020	2019
Current tax		
Tax expense attributable to net earnings for the year	-957	-594
Tax attributable to previous years	-847	-6
Total current tax	-1,804	-600
Deferred tax		
Deferred tax related to temporary differences	1,162	-200
Deferred tax expense attributable to net of previously capitalised and non-capitalised tax value in tax-loss carryforwards	87	375
Total deferred tax	1,249	176
Total tax expense	-555	-424

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 Switzerland, Sweden, Germany, Greece Spain, Finland and the Netherlands. The Group's Swedish companies paid no income tax for the year as they were able to utilise tax-loss carry forwards from historic losses.

Current tax in 2020 is impacted by a change in timing of recognition of taxable revenue on portfolios owned by a subsidiary in Switzerland. The taxable profit is now based on accounting principles similar to IFRS where the amortisation period for portfolios is longer than in accordance with the local accounting principles applied for earlier periods. The subsidiary was previously defined as a low taxed entity for which CFC taxation was applied in Sweden, therefore the local income was included in the Swedish income tax returns and taxes paid in Switzerland on the same revenue credited in Swedish tax. The accumulated effect of this change for previous years on current tax in 2020 is SEK 840 M whereof SEK 535 M was paid in Switzerland in 2020 and net SEK 305 M is due in Sweden in 2021. A corresponding reversal of deferred tax liabilities has offset this effect as the group provided for deferred tax on the temporary difference between accounting and tax value of the portfolios.

Intrum AB is seated in Sweden where the nominal corporate tax rate in 2019 and 2020 was 21.4 percent, and 20.6 percent from the year starting 1 January 2021. 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	2020		2019	
Reconciliation of effective tax rate	SEK M	%	SEK M	%
Profit before tax	2,633		139	
Income tax calculated at standard rate in Sweden, 21.4 per cent	-563	21.4	-30	21.4
Effect of different tax rates in other countries	242	-9.2	-115	82.8
Tax effect of tax-exempt income and non-deductible expenses	-65	2.5	-561	404.5
Unrecognised tax assets pertaining to tax-loss carryforwards	-267	10.2	-70	50.3
Utilised previously unrecognised tax assets pertaining to tax-loss carried forwards	87	-3.3	375	-270.6
Effect of change in tax rates	-21	0.8	-	0,0
Current tax adjustments attributable to previous years	-847	32.2	-6	4,3
Deferred tax adjustments attributable to previous years and other	880	-33.4	-18	13,0
Total tax on net earnings for the year	-555	21.1	-424	305,7

Unrecognised tax assets regarding tax-loss carry forwards 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 carry forwards relate to the positive tax effect over the year arising from the utilisation of tax-loss carry forwards not previously recognised as deferred tax assets.

Deferred tax assets and liabilities

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 carry forwards in the instances where they are likely to be utilised to offset taxable surpluses within the foreseeable future

Group	2020		2019	
SEK M	Asset/ liability	Income/ expense	Asset/ liability	Income/ expense
Portfolio investments	-332	1 206	-1 538	-29
Intangible assets	-168	120	-288	270
Tax-loss carryforwards	646	-547	1 193	258
Provisions for pensions	62	13	49	32
Other	119	173	-54	-60
Total	328	966	-638	471
Recorded over OCI, FX effects and acquisitions		283		-295
Total		1,249		176
Deferred tax assets	1,438		1,300	
Deferred tax liabilities	-1,110		-1,938	
Total	328		-638	

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 carry forwards 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.

The Group has loss carry forwards that can be utilised against future taxable earnings totalling SEK 3,200 M (SEK 5,952 M).

Recognised deferred tax assets related to loss carry forwards amounted to SEK 646 M at 31 December 2020 and include SEK 403 M in Sweden, SEK 103 M in Norway, SEK 81 M in Spain, SEK 32 M in Hungary, SEK 13 M in the Netherlands, SEK 2 M in Poland and SEK 1 M in Greece.

Interest and tax-loss carry forwards for which no deferred tax assets are reported are SEK 2,619 M of which SEK 2,245 M in Sweden, SEK 268 M in the UK, SEK 56 M in Poland and SEK 50 M in Denmark.

Tax expenses reported in other comprehensive income during the year amounted to SEK -208 M (SEK 174 M), of which SEK -209 M pertained to currency hedging and SEK 1 M pertained to revaluations of pension provisions.

Parent Company	2020		2019	
Reconciliation of Parent Company tax rate	SEK M	%	SEK M	%
Net earnings after financial items	524		-783	
Income tax calculated at standard rate in Sweden, 21.4 per cent	-112	21,4	167	21,4
Tax effect of non-deductible expenses	-188	35,9	-167	-21,4
Tax effect of tax-exempt income	296	-56,5	96	12,2
Derecognised loss carry forward from previous years	-100	19,1		0
Total tax on net earnings for the year	-104	19,9	96	12,2

Tax-exempted revenue and non-deductible expenses in the Parent Company consist primarily of dividends and impairment of shares. The Parent company had at 31 December 2020 accumulated tax loss and interest carry forward of SEK 1,046 M which has not been recognised as a deferred tax asset.

Note 10 Earnings per share

	Group	
SEK M	2020	2019
Net earnings for the year attributable to Parent Company's shareholders, continuing operations (SEK M)	1,881	-362
Net earnings for the year attributable to Parent Company's shareholders, discontinued operations (SEK M)	-	-
Net earnings for the year attributable to Parent Company's shareholders, total (SEK M)	1,881	-362
Number of shares at beginning of year	130,941,320	131,291,320
Share repurchases	-9,820,402	
Share repurchases	-250,000	-350,000
Number of shares at end of year	120,870,918	130,941,320
Weighted average no. of shares during the year before and after dilution	123,913,717	131,065,782
Earnings per share before and after dilution:		
Earnings from continuing operations (SEK)	15.18	-2.76
Total earnings per share before and after dilution (SEK)	15.18	-2.76

There are no instruments outstanding that could lead to dilution.

Note 11 Intangible fixed assets

2020

SEK M	Goodwill ¹	Group				Parent			
		Capitalised expenditure for IT development	Customer relationships	Other intangible fixed assets	Total	Capitalised expenditure for IT development	Other intangible fixed assets	Total	
Acquisition cost, opening balance	36,058	2,349	8,426	517	47,351	206	19	225	
Acquisitions and capitalisations for the year	5	340	6	1	352	184	1	185	
Disposals	-	-77	-25	-102	-204	-	-	0	
Adjustment PPA	-4	-	-	-	-4	-	-	0	
Reclassification	0	1	1	0	1	-	-	0	
Translation differences	-1,709	-95	-346	-18	-2,168	-	-	0	
Accumulated acquisition cost, closing balance	34,550	2,518	8,061	398	45,328	391	20	410	
Amortisation, opening balance	-	-1,378	-2 347	-322	-4,046	-66	-3	-69	
Amortisation for the year	-	-224	-934	-28	-1,186	-22	-6	-28	
Disposals	-	71	25	101	197	-	-	0	
Reclassification	-	-1	-3	2	-2	-	-	0	
Translation differences	-	76	134	12	221	-	-	0	
Accumulated amortisation, closing balance	-	-1,455	-3,125	-235	-4,816	-88	-8	-96	
Impairments, opening balance	-2 700	-361	-	-4	-3,065	-16	-	-16	
Translation differences	-	-	-	-	-	-	-	0	
Accumulated impairment, closing balance	-2 700	-361	-	-4	-3,065	-16	0	-16	
Net book value, closing balance	31,650	702	4,936	159	37,447	286	12	298	

2019

SEK M	Goodwill ¹	Group				Parent			
		Capitalised expenditure for IT development	Customer relationships	Other intangible fixed assets	Total	Capitalised expenditure for IT development	Other intangible fixed assets	Total	
Acquisition cost, opening balance	33,055	1,658	5,209	379	40,301	67	3	70	
Acquisitions and capitalisations for the year	2,414	332	90	15	2,851	139	16	155	
Adjustment PPA	-	-95	0	-16	-111	-	-	0	
Reclassification	-165	171	175	-42	139	-	-	0	
Purchased via acquisition	-	256	2,896	170	3,322	-	-	0	
Translation differences	754	28	56	11	849	-	-	0	
Accumulated acquisition cost, closing balance	36,058	2,349	8,426	517	47,351	206	19	225	
Amortisation, opening balance	-	-1,241	-1,539	-312	-3,092	-10	-	-10	
Amortisation for the year	-	-82	-780	-64	-926	-56	-2	-58	
Disposals	-	95	-	24	119	-	-	0	
Reclassification	-	-171	-10	42	-139	-	-	0	
Translation differences	-	21	-18	-11	-8	-	-	0	
Accumulated amortisation, closing balance	-	-1,378	-2,347	-322	-4,046	-66	-2	-68	
Impairments, opening balance	-	-23	-	-4	-27	-16	-	0	
Impairments for the year	-2,700	-338	-	-	-3,038	-	-	0	
Translation differences	-	-	-	-	0	-16	0	-16	
Accumulated impairment, closing balance	-2,700	-361	-192	-4	-3,065	-16	0	0	
Net book value, closing balance	33,358	611	6,079	191	40,239	124	17	141	

1) Goodwill has an indefinite useful lifetime. All other intangible assets have a limited useful lifetime. The amortisation plans are detailed in Note 1.

Goodwill per cash generating unit (CGU)

MSEK	31 dec 2019	1 jan 2020	31 dec 2020	Change during the year	Thereof exchange rate differences
Northern Europe	12,545	-	-	-	-
Central & Eastern Europe	7,005	-	-	-	-
Western & Southern Europe	6,249	-	-	-	-
Iberian Peninsula & Latin America	7,559	-	-	-	-
Strategic Markets	-	10,272	9,808	-464	-461
Credit Management Services	-	23,085	21,842	-1,243	-1,247
Total	33,358	33,358	31,650	-1,707	-1,708

During 2020 Intrum has updated its impairment model to be in line with the new segment structure described in the note 1. The goodwill that was previously distributed to the geographical regions has been redistributed to the operating segments Credit Management Services and Strategic Markets, which also as an individual constitute separate cash-generating units.

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 2021–2025 and thereafter an extrapolation during the period 2026–2027 with a growth rate slightly exceeding the annual increase until the forecast reaches a perpetual growth rate of equilibrium of 1.5 percent, which is forecast from 2028 annual increase of 1.5 percent. 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 (6.0) per year before tax, corresponding to 4.7 percent (4.2) 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 the revenue growth of Mature and emerging markets is predicted 2.0% and for Strategic markets 5.2%, which is then gradually expected to increase until the year 2024. This higher growth rate forecast for 2024 is expected to continue during 2025 and then gradually decrease and from 2028 onwards extrapolated with a growth rate of 1.5 percent annually is assumed.

Most of the assumptions were applied for all CGU. The same discount rates were also applied, since no significant long-term difference can be identified between the regions' growth potential or risk. During the year, the Group wrote down goodwill by SEK 0 M (2,700).

For 2019, reported goodwill was distributed to the then cash-generating units in Intrum's operating segments, i.e. the credit management operations within the respective 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. For the impairment test in 2019, a detailed forecast period of three years was applied and where cash flows beyond the three-year period were extrapolated with an estimated growth rate of 1 percent. Further information on the assumptions for 2019 can be found in Note 10 "Intangible assets" in the annual report for 2019. In total, goodwill was written down in 2019 to the then region of the Iberian Peninsula and Latin America corresponding to SEK 2,700 million as a consequence of the challenges in Spain and the lower level of earnings noted in the impairment test in 2019 compared with previous periods with other market conditions.

Sensitivity analysis

A sensitivity analysis has been performed in 2020, in which cash flows have been discounted at 7.2 percent interest after tax. With this assumption, it was still not necessary to impair goodwill attributable to any of the CGU's.

Note 12 Tangible fixed assets

2020

SEK M	Group				Parent			
	Property investments	Computer hardware	Other equipment	Total	Computer hardware	Other equipment	Total	
Acquisition cost, opening balance	-	301	590	891	15	-	15	
Acquisitions and capitalisations for the year	-	27	63	89	4	-	4	
Disposals	-	-119	-62	-181	-	-	0	
Reclassification	-	4	1	5	-	-	0	
Purchased via acquisition	2	-	-	2	-	-	0	
Translation differences	-	-10	-29	-38	-	-	0	
Accumulated acquisition cost, closing balance	2	203	563	768	19		19	
Depreciation, opening balance	-	-247	-432	-679	-3	-	-3	
Depreciation for the year	-	-25	-55	-80	-3	-	-3	
Disposals	-	119	62	181	-	-	0	
Reclassification	-	-4	-2	-6	-	-	0	
Translation differences	-	8	20	27	-	-	0	
Accumulated depreciation, closing balance		-150	-407	-557	-6		-6	
Net book value, closing balance	2	53	156	211	13	-	13	

2019

SEK M	Group				Parent			
	Property investments	Computer hardware	Other equipment	Total	Computer hardware	Other equipment	Total	
Acquisition cost, opening balance	256	328	594	1,178	6	-	6	
Acquisitions and capitalisations for the year	-	42	48	90	9	-	9	
Disposals	-256	-78	-75	-409	-	-	0	
Reclassification	-	3	-8	-5	-	-	0	
Purchased via acquisition	-	-	21	21	-	-	0	
Translation differences	-	6	10	16	-	-	0	
Accumulated acquisition cost, closing balance	0	301	590	891	15	-	15	
Depreciation, opening balance	-	-272	-413	-685	-1	-	-1	
Depreciation for the year	-	-31	-53	-84	-2	-	-2	
Disposals	-	63	55	118	-	-	0	
Reclassification	-	-2	2	0	-	-	0	
Purchased via acquisition	-	-	-15	-15	-	-	0	
Translation differences	-	-5	-8	-13	-	-	0	
Accumulated depreciation, closing balance	-	-247	-432	-679	-3	-	-3	
Net book value, closing balance	0	53	159	212	13	-	13	

Disbursements during the year regarding investments in tangible fixed assets for the Group amounted to SEK 338 M (452)

Note 13 Group companies

SEK M	No. of shares	2020	2019
Intrum Brasil Consultoria e Participações, S.A	1,429	66	37
Intrum A/S, Denmark	40	461	377
Intrum Estonia AS, Estonia	430	10	1
Intrum Finans AB	66,050,000	75	75
Intrum Oy, Finland	14,000	1,649	1,649
Intrum SAS, France	0	0	345
Intrum Corporate, France	5,000	345	0
Intrum Investments Greece AE	24,000	21	21
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	40	107
Intrum Holding Spain S.A.U. Spain	3,314,468	3,067	3,067
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	1,326	601
Intrum Financial Services GmbH	0	0	0
Intrum Austria GmbH	72,673	37	37
Intrum Spzoo, Poland	40,000	0	0
Intrum Romania SA, Romania	39	26	26
Intrum Customer Services Bucharest SRL	50,000	1	0
Intrum Financial IFN SA	200,000	2	30
Indif AB, Sweden	11,003	80	0
Intrum Holding AB, Sweden	1,000	23,880	0
Lock TopCo AS, Norway	861,952,839	666	24,626
Total carrying value		34,891	34,138
SEK M		2020	2019
Opening balances		34,138	30,812
Changes to group structure, acquisition		24,335	3,504
Capital contributions paid		858	295
Impairment of shares in subsidiaries		-24,067	-437
Repaid shareholder contributions		-28	
Disposal		-345	-36
Closing balance		34,891	34,138

2019

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

Capital contributions in 2019 refer to Intrum A/S, Denmark, Intrum Investments Greece AE, Intrum Justitia Ibérica S.A.U., Spain and Intrum Romania SA, Romania.

Impairment of shares in subsidiaries in 2019 refers to shares in Intrum Spzoo, Poland.

Disposals of shares in subsidiaries in 2019 refers to shares in Intrum Financial Services GmbH (sold to Intrum Finanzholding Deutschland GmbH, which is owned by Intrum Holding AB).

2020

During the year, work to simplify the Group structure continued, which led to the following changes and transactions:

Overall, the main change to group structure, was the fact that Indif AB and it's underlying subsidiary (Intrum Holding AB) was distributed from Lock TopCo AS to being a directly owned subsidiary of Intrum AB, immediately followed by the distribution of Intrum Holding AB and it's underlying subsidiaries from Indif AB to being a directly owned subsidiary of Intrum AB. These transfers were in lieu of share dividends of SEK 23,960 million during the year, but also resulted in a write-down of Intrum AB's holding in Lock TopCo AS of SEK 23,960 million.

Acquisitions of shares in subsidiaries in 2020 refers to 49 per cent of the minority interest in Intrum Brasil Consultoria e Participações, S.A., shares in Indif AB, Sweden and Intrum Holding AB, Sweden (both of which were acquired from Lock Topco AS), Intrum Corporate SAS (which merged with the parent company Intrum SAS, which was owned by Intrum AB) and the formation of Intrum Customer Services Bucharest SRL, Romania.

Capital contributions in 2020 refer to shares in Intrum A/S, Denmark, Intrum Estonia AS, Intrum Justitia Ibérica S.A.U., Spain and Intrum International AB.

Capital contributions repaid in 2020 refer to shares in Intrum Financial IFN SA, Romania. This was due to a restructuring of the share capital in the company to cover losses from 2018–2019.

Impairment in 2020 refers to shares in Intrum Justitia Ibérica S.A.U. and Lock TopCo AS, Norway.

Disposals of shares in subsidiaries in 2020 refer to shares in Intrum SAS, France (merged with the subsidiary Intrum Corporate SAS, France).

The Group's Parent Company is Intrum Justitia AB (publ), domiciled in Stockholm with corporate identity number 556607–7581. The Group's subsidiaries are listed below.

	Registration number	Domicile	Share of capital
Subsidiaries of Intrum AB and their subsidiaries in the same country			
<i>Austria</i>			
Intrum Austria GmbH	FN 48800s	Vienna	100%
<i>Brazil</i>			
Intrum Brasil Consultoria e Participações, S.A.	29.063.190	São Paulo	100%
<i>Denmark</i>			
Intrum A/S	DK 10613779	Copenhagen	100%
<i>Estonia</i>			
Intrum Estonia AS	10036074	Tallinn	100%
<i>Finland</i>			
Intrum Oy	FI 14702468	Helsinki	100%
Intrum Rahoitus Oy	FI25086904	Helsinki	100%
<i>France</i>			
Intrum Corporate SAS	B797 546 769	Rueil-Malmaison	100%
Socogestion SAS	B414 613 539	Lyon	100%
Intractive SAS	B431 312 677	Lille Métropole	100%

	Registration number	Domicile	Share of capital
<i>Greece</i>			
Intrum Investments Greece A.E	144794101000	Athens	100%
Intrum Customer Services Athens	157487101000	Athens	100%
Single Member Societe Anonyme			
<i>Latvia</i>			
SIA Intrum Global Technologies	40103314641	Riga	100%
<i>Netherlands</i>			
Intrum BV	33273472	Amsterdam	100%
Intrum Justitia Data Centre BV	27306188	Amsterdam	100%
<i>Norway</i>			
Lock TopCo AS	913 852 508	Oslo	100%
<i>Poland</i>			
Intrum Spzoo	0000108357	Warsaw	100%
Intrum K & WKP SK	0000270515	Wroclaw	99%
<i>Portugal</i>			
Intrum Portugal Unipessoal Lda.	503 933 180	Lisbon	100%
Intrum Real Estate Management Portugal SA	514 167 041	Lisbon	100%
<i>Romania</i>			
Intrum Romania SA	18496757	Bucharest	100%
Intrum Financial IFN SA	39041618	Bucharest	100%
Intrum Customer Services Bucharest SRL	43497621	Bucharest	100%
<i>Spain</i>			
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 SA	A86128147	Madrid	100%
Intrum Servicing Spain 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 Inmobiliarias SLU	B50509447	Madrid	100%
Solvía Servicios Inmobiliarios SL	B62718549	Madrid	80%
<i>Sweden</i>			
Intrum Intl AB	556570-1181	Stockholm	100%
Fair Pay Management AB	556239-1655	Stockholm	100%
Intrum Invest AB	556786-4854	Varberg	100%

	Registration number	Domicile	Share of capital
Fair Pay Please AB	556259-8606	Stockholm	100%
Intrum Finans AB	556885-5265	Stockholm	100%
Intrum Sverige AB	556134-1248	Stockholm	100%
Intrum Delgivningsservice AB	556397-1414	Stockholm	100%
Intrum Shared Services AB	556992-4318	Stockholm	100%
Indif AB	556733-9915	Stockholm	100%
Intrum Holding AB	556723-5956	Stockholm	100%

<i>Switzerland</i>			
Intrum AG	CH-020.3.020.656-9	Schwerzenbach	100%
Inkasso Med AG	CH-020.3.913.313-8	Schwerzenbach	70%
Byjuno AG	CH-020.3.921.420-2	Zug	100%
Intrum Finance Services AG	CH-020.3.912.665-1	Schwerzenbach	100%
Intrum Brugg AG	CH-400.3.023.076-0	Brugg	100%

<i>UK</i>			
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%
Intrum UK Finance 10 Ltd	08149421	Reigate	100%
I.N.D Limited	03283064	Reigate	100%

Subsidiaries of Intrum BV and their subsidiaries in the same country

<i>Czech Republic</i>			
Intrum Czech s.r.o.	27221971	Prague	100%

<i>France</i>			
FCT IJ Invest SAS	-	-	100%

<i>Hungary</i>			
Lakóingatlan-Forgalmazó Kft	01-09-268230	Budapest	100%
Intrum Zrt.	01-10-044857	Budapest	100%
Intrum ASC Kft	01-09-298952	Budapest	100%

<i>Ireland</i>			
Intrum Ireland Ltd	175808	Dublin	100%

	Registration number	Domicile	Share of capital
<i>Slovakia</i>			
Intrum Slovakia s.r.o.	35 831 154	Bratislava	100%

Subsidiaries of Intrum Spzoo and their subsidiaries in the same country

<i>Cyprus</i>			
Casus Management Ltd	HE 310705	Nicosia	100%

Subsidiaries of Intrum Holding Spain SAU and their subsidiaries in the same country

<i>Colombia</i>			
Intrum Colombia SAS	900965120	Bogota	100%

<i>Greece</i>			
Intrum Hellas A.E.D.A.D.P.	801215902	Greece	80%
Intrum Hellas REO Solutions SA	801212579	Greece	80%

Subsidiaries of Intrum Intl AB and their subsidiaries in the same country

<i>Mauritius</i>			
Intrum Mauritius Ltd	127206	Port Louis	100%

<i>Switzerland</i>			
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%

Subsidiaries of Intrum Debt Finance AG and their subsidiaries in the same country

<i>Luxembourg</i>			
LDF65 S.a r.l.	B 134749	Luxembourg	100%
IDF Luxembourg S.a r.l.	B 188281	Luxembourg	100%

<i>Poland</i>			
Intrum Justitia Towarzystwo Funduszy Inwestycyjnych S.A	0000228722	Warsaw	100%
Intrum Justitia Debt Fund 1	RFI 209	Warsaw	100%
Fundusz Inwestycyjny Zamknięty Niestandaryzowany Fundusz Sekurytyzacyjny			
Lindorff I NSFIZ	RFI 752	Wroclaw	100%

Subsidiaries of Fair Pay Please AB and their subsidiaries in the same country

<i>Belgium</i>			
Intrum N.V	BE 0426237301	Ghent	100%
Outsourcing Partners NV	BE 0466643442	Ghent	100%

Subsidiaries of Intrum Sverige AB and their subsidiaries in the same country			
<i>Luxembourg</i>			
Intrum Luxembourg sarl	B 188236	Luxembourg	100%

	Registration number	Domicile	Share of capital
Subsidiaries of Intrum Holding AB and their subsidiaries in the same country			
<i>Finland</i>			

Lindorff Finland Oy	1858518-2	Helsinki	100%
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<i>Germany</i>			
Intrum Finanzholding Deutschland GmbH	HRB 87998	Heppenheim	100%
Intrum Holding Deutschland GmbH	HRB 88008	Heppenheim	100%
Intrum Deutschland GmbH	HRB 87484	Heppenheim	100%
Intrum Debitoren Management GmbH	HRB 81939	Hamburg	100%
Intrum 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%

<i>Ireland</i>			
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%
Iris Hellas Investments DAC	678559	Dublin	100%

<i>Italy</i>			
LSF West Srl	09409950962	Milan	100%
Intrum Italy Holding Srl	08724660967	Milan	100%
Revalue S.p.A.	09490900157	Milan	100%
Isabel SPV Srl	04614020263	Milan	100%
Intrum Italy Spa	10311000961	Milan	51%
Intrum Italy RE Sales srl	09421851008	Rome	100%
Alicudi SPV srl	04703580268	Conegliano Veneto (TV)	100%

<i>Latvia</i>			
Intrum Latvia SIA	40203088409	Riga	100%

<i>Lithuania</i>			
Intrum Lietuva UAB	304615887	Vilnius	100%
Intrum Global Business Services UAB	303326659	Vilnius	100%

	Registration number	Domicile	Share of capital
<i>Netherlands</i>			
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%
<i>Norway</i>			
Lindorff Holding Norway AS	992,984,899	Oslo	100%
Lindorff AS	835,302,202	Oslo	100%
Lindorff Obligations AS	945,153,547	Oslo	100%
<i>Poland</i>			
Intrum Global Technologies Spzoo w likwidacji	0000654943	Wroclaw	100%
<i>Sweden</i>			
Intrum Holding 2 AB	556664-5460	Stockholm	100%
Lindorff International AB	559077-1274	Stockholm	100%
Subsidiaries of Intrum 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%
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Companies without shareholdings that are consolidated on the basis of a contractual controlling influence

<i>Italy</i>			
IJ DF Italy Srl	08438930961	Milan	100%

Companies that are not consolidated in the consolidated accounts but which are included in Note 14 Shares and participations in joint ventures

Ithaca Investment DAC	636421	Dublin	80%
Penelope SPV S.R.L.	4934510266	Conegliano Veneto (TV)	26%
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 with non-controlling interests (minority interests)

	Minority shareholding		Minority interest in equity		Minority interests in earnings		Dividend to minority shareholders	
SEK M	2020	2019	2020	2019	2020	2019	2020	2019
Intrum Brasil Consultoria e Participações, S.A. ¹	-	49%	0	6	-3	-1	0	0
Inkasso Med AG, Schweiz ²	30%	30%	4	4	1	0	0	0
Intrum Italy SPA ³	49%	49%	1,925	1,963	43	94	0	0
Gextra Srl ⁴	-	49%	0	0	0	-23	0	0
Northwind Finco, S.L. ⁵	-	-	0	0	0	-1	0	6
Solvía Servicios Inmobiliarios SL ⁶	20%	20%	348	361	1	-27	0	0
Intrum Hellas A.E.D.A.D.P. ⁷	20%	20%	563	544	104	34	62	33
Greece Alternative REO Solutions Single Member SA. ⁸	20%	20%	5	1	4	1	0	0
Aktua Soluciones Financieras Holdings SL ⁹	15%	15%	0	0	47	0	47	48
Total			2,845	2,879	197	77	109	87

1) The minority interest was acquired from Lucilla Ines Tchira and Nicolas Malagamba Otegui (both Argentinian citizens) during the year.

2) Ärztekasse Genossenschaft Urdorf.

3) Intesa Sanpaolo SpA

4) Gextra SRL, in which Intesa Sanpaolo SpA also held 49 per cent, merged with Intrum Italy SpA in 2019.

5) Since 2019, when 50 per cent of the share capital issued was sold to Solitare LB DAC (Napier Park Global), this is joint venture.

6) Banco Sabadell.

7) Pireaus Bank.

8) Pireaus Bank.

9) Banco Santander.

Note 14 Associated companies and joint ventures

	Group	
SEK M	2020	2019
Joint venture		
Ithaca Investment Designated Activity Company, Dublin	5,008	6,245
Northwind Investments Holdings, S.L.U.	258	294
Total, joint ventures	5,266	6,539

Ithaca Investment DAC

Since 2018, Intrum has held profit participating notes corresponding to 80 per cent 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 per cent 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 per cent basis for Ithaca Investment DAC including the consolidated companies Penelope SPV S.R.L. and Savoy Reoco S.R.L.:

Change in holdings in Ithaca Investment Designated Activity Company

	Group	
SEK M	2020	2019
Opening balance	6,245	4,746
Joint venture income	-708	1,248
Cash flow/dividend from joint venture	-338	-197
Translation difference	-191	59
Reclassification	-	389
Closing balance	5,008	6,245

Ithaca investment DAC and Penelope SPV S.R.L

Income statement

SEK M	2020	2019
Total revenues	-685	4,537
Income from portfolio investments in accordance with the effective interest method	2,296	4,537
Positive revaluations of portfolio investments	473	0
Negative revaluations of portfolio investments	-3,454	0

Operating earnings (EBIT)	-1,290	3,643
Net financial items	-786	-942
Profit before tax	-2,076	2,701
Taxes	0	0
Earnings for the period	-2,076	2,701

Of which, attributable to:

Parent Company's shareholders	-853	1,593
Non-controlling interests	-1,224	1,109
Earnings for the period	-2,076	2,701

Balance sheet

SEK M	2020	2019
Assets		
<i>Other fixed assets</i>		
Portfolio investments	19,917	26,475
<i>Current assets</i>		
Property holdings	318	82
Other receivables	164	513
Prepaid expenses and accrued income	558	305
Cash and bank balances	1,167	1,584
Total assets	22,124	28,959

Shareholders' equity and liabilities

Attributable to Parent Company's shareholders	636	1,676
Attributable to non-controlling interests	-23	1,196
Total shareholders' equity	614	2,872

Junior notes	6,017	6,264
Mezzanine loan	4,236	4,906
Senior notes	9,670	13,741
Current liabilities	498	585
Accrued income	1,089	592
Total shareholders' equity and liabilities	22,124	28,959

Northwind Investments Holding

Northwind refers to the property portfolio that Intrum acquired from Ibercaja Banco SA at the end of 2018. As a consequence of Intrum selling a participation in this holding to a co-investor in the first quarter of 2019, the holding is reported as a joint venture from that time.

Note 15 Portfolio investments

SEK M	2020	2019	Group
Acquisition cost, opening balance	55,880	47,582	
Reclassification	15	-23	
Purchased Debt	5,012	7,323	
Sales and disposals	0	-83	
Translation differences	-3,290	1,080	
Accumulated acquisition cost, closing balance	57,617	55,879	

Amortisation, opening balance	-27,371	-22,752	
Amortisations and revaluations for the year	-4,189	-4,146	
Sales and disposals	0	83	
Reclassification	-15	-1	
Translation differences	1,619	-555	
Accumulated amortisation, closing balance	-29,959	-27,371	

Carrying values	27,658	28,508	
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Amortisations and revaluations for the year

SEK M	2020	2019	Group
Time and interest component	-4,158	-4,174	
Positive revaluations in connection with changes in expectations in projections of future cash flows	3,145	920	
Negative revaluations in connection with changes in expectations in projections of future cash flows	-3,178	-892	
Total amortisations and revaluations for the year	-4,189	-4,146	

Disbursements during the year for Purchased Debt investments amounted to SEK 5,012 M (7,323).

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

Note 16 Other long-term receivables

SEK M	2020	2019	Group
Deposits	54	175	
Loan receivables	5	8	
Other	65	0	
Total	124	183	

Opening balances	183	33	
Paid	-124	-12	
Acquired	74	162	
Exchange rate difference	-9	0	
Carrying values	124	183	

Note 17 Accounts receivable

SEK M	2020	2019	Group
Account receivable not overdue	733	974	
Accounts receivable < 30 days overdue	131	344	
Accounts receivable 30-60 days overdue	62	111	
Accounts receivable 61-90 days overdue	130	126	
Accounts receivable > 90 days overdue	313	381	
Total accounts receivable	1,369	1,935	

Accumulated reserve for expected credit losses, opening balance	-75	-31	
Reserve for expected credit losses for the year	-132	-51	
Realised client losses for the year	6	1	
Withdrawals from reserve for expected credit losses for the year	8	5	
Translation difference	8	1	
Accumulated impaired receivables, closing balance	-185	-75	

Carrying values	1,184	1,860	
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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 18 Other receivables

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Outlays on behalf of clients	196	201	-	-
Less: reserve for uncertainty in outlays on behalf of clients	-19	-6	-	-
Total	177	195	-	-
Factoring	446	498	-	-
VAT refund claims on purchased debt	8	11	-	-
To be recovered from Netherlands bailiffs	39	67	-	-
Prepaid pension premiums	52	52	-	-
Receivables from associated companies and joint ventures	179	-	-	-
Advance payments in connection with property auctions	193	-	-	-
Deposit	37	-	-	-
VAT	104	-	-	-
Other	103	512	27	23
Total	1,161	1,140	27	23
Carrying values	1,338	1,335	27	23

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 recover from enforcement authorities

Note 19 Prepaid expenses and accrued income

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Prepaid expenses and accrued expenses				
Prepaid rent	13	20	0	0
Prepaid insurance premiums	3	4	3	1
Prepaid expenses for Portfolio investments	0	2	0	0
Accrued income	958	984	0	0
Derivative assets (forward exchange contracts)	295	204	295	204
Other	172	130	64	43
Total	1,441	1,343	362	248

Note 20 Liquid assets

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Cash and bank balances	1,637	1,810	533	220
Fixed deposition	401	0	0	0
Restricted bank accounts	96	95	0	0
Total	2,134	1,906	533	220

Note 21 Shareholders' 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 120,870,918 shares in the company, and the share capital amounts to SEK 2,899,805. See below regarding repurchased shares.

Share repurchase

In 2019, 350,000 shares were repurchased for SEK 86 M and, in 2020, 9,820,402 shares held by the company and a further 250,000 shares were repurchased for SEK 1,307 M. Accordingly, the number of shares outstanding at the end of 2019 was 130,941,320 and, at the end of 2020, there were 120,870,918 shares. The average number of shares outstanding over the year was 123,913,717 (131,065,782).

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 differ-

ences 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 12 per share (11), or a total estimated payout of SEK 1,450 M (1,332).

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 21,963 M (24,893).

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 4.0x. 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 2.5x and 3.5x in the long term.

Note 22 Other long-term liabilities

	Group	
SEK M	2020	2019
Deferred purchase consideration	386	926
Long-term liability for portfolio investments	0	99
Long-term liability to minority shareholders	192	262
Other long-term liabilities	44	16
Total	622	1,303

The change in long-term liabilities is mainly due to a transfer of SEK 622 million regarding deferred purchase consideration in subsidiaries to current liabilities, as a payment is expected to be made during 2021.

Note 23 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	2020	2019
Present value of fully or partly funded obligations	426	555
Fair value of plan assets	-248	-266
Deficit in the plan	178	289
Present value of unfunded obligations	203	98
Total provisions for pensions	381	387

Changes in net obligation:

	Group	
SEK M	2020	2019
Opening balance	387	263
Expenses for employment in current year	33	21
Interest expense	3	3
Pensions paid	-30	-33
Pension provisions in acquired operations	-	88
Revaluations	4	40
Exchange rate differences	-16	5
Closing balance	381	387

Reconciliation of fair value of assets under management:

	Group	
SEK M	2020	2019
Opening balance	266	253
Fees paid	26	43
Compensation paid	-41	-44
Interest revenue	0	2
Revaluations	7	-7
Exchange rate differences	-10	18
Closing balance	248	266

The pension cost recognised in the income statement can be specified as follows:

	Group	
SEK M	2020	2019
Expenses for employment in current period	33	21
Net interest income/expense	3	3
Total pension expense in net earnings for the year	35	24

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 2 M (8) before tax. In calculating Provisions for pensions, the following assumptions are used:

	Group	
%	2020	2019
Discount rate	0.18–2.00	0.85–2.50
Assumed rate of increase in compensation	0.5–2.0	1.0–2.5
Assumed return on assets under management	0.8–2.0	1.0–2.0
Assumed pension increases	0.0–1.75	0.4–2.0
Future adjustment to social security base	0.0–2.0	2.0–4.2

The Group also finances a number of defined contribution plans, Consolidated expenses for these amounted to SEK 191 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 324 M (335), and the fair value of the assets under management is SEK 234 M (240). Consequently, the net pension liability is SEK 91 M (94). The pension commitment is funded through insurance contracts. During the year Intrum paid SEK 26 M (41) to the plan, while disbursements to retirees amounted to SEK 41 M (56). For these pension plans, a discount rate of 0.80 per cent is applied. An increase/decrease in the discount rate by 0.5 percentage points would entail the pension liability decreasing by 8 per cent/increasing by 9 per cent.

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 148 per cent (142). 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 per cent (for example, in connection with an increase in the price of the subscription) or exceed 150 per cent (155) (for example, in connection with a premium reduction).

Valuation method for pension obligations

The value of the pension obligations is determined using the Projected Unit Credit (PUC) method. This method sees each period of service as giving rise to an additional unit of benefit entitlements/employee benefits. The value of the company's employee benefit obligations for active employees, or the Defined Benefit Obligation (DBO), on the reporting date is the same as the present value of the degree of entitlement existing on this date, in terms of future salary and pension increases and turnover rates. The valuation of pension obligations of pensioners is made on the basis of the present value of current pensions taking into account future increases in pensions. The service costs can be calculated on the basis of the DBO. They correspond to the present value of the entitlements to employee benefits earned during the year for which calculations are made.

Note 24 Other provisions

	Group	
SEK M	2020	2019
Opening balances	168	154
Amounts utilised during the year	-88	-99
Unutilised amounts reversed during the year	-64	-65
New provisions for the year	58	146
Provisions in acquired operations	0	29
Translation differences	-2	3
Closing balances	72	168
Of which, long-term provisions		
Expenses for returning leased office premises to their original condition	2	0
Personnel expenses	3	3
Legal claims	41	16
Other	1	0
Total long-term provisions	47	19
Of which, short-term provisions		
Expenses for returning leased office premises to their original condition	3	1
Expenses for termination of personnel and other restructuring expenses	15	91
Consultancy (legal, tax and compliance)	7	2
Other	0	55
Total short-term provisions	25	149
Total	72	168

Short-term provisions are expected to be settled within 12 months from of the balance sheet date. Long-term provisions are, by their nature, difficult to determine in terms of their maturity and amount. Settlement is likely in one year's time at the earliest, but not later than in 10 years' time.

Note 25 Borrowing

	Group		Parent Company	
SEK M	2020	2019	2020	2019
Long-term liabilities				
Bank loans	2,081	6,186	2,081	6,186
Bond loan	42,606	40,644	42,606	40,644
Current liabilities				
Commercial papers	2,916	2,794	2,916	2,794
Bond loan	1,100	1,000	1,100	1,000
Bank loans	-	-	-	-
Total	48,703	50,624	48,703	50,624

Intrum AB is financed through a revolving syndicated loan facility, bonds, bilateral loans and commercial papers. The loan facility is arranged with a banking consortium comprising 14 banks and applies until January 2026. The loan facility contains operations-related and financial covenants, including limits on specific financial indicators. In addition, the 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. As of 31 December 2020, the loan framework had been utilised in the total amount of SEK 2,081 M (6,186), which can be broken down into NOK 2,075 M, EUR 10 M and GBP 12 M.

Bonds outstanding as per 31 December 2020

Designation	Currency	Nominal amount (M)	SEK M	Maturity date	Interest rate for fixed-rate bonds and margin for variable-rate bonds	Market value of bond SEK M
SEK 2021 Float	SEK	1,100	1,100	22.11. 2021	1.80%	1,099,
EUR 2022 Fix	EUR	150	1,505	15.07. 2022	2.75%	1,506
SEK 2022 Float	SEK	750	750	12.09. 2022	2.50%	745
EUR 2013 Float PP	EUR	160	1,605	22.06. 2023	1.31%	1,605
SEK 2023 Float	SEK	2,900	2,900	3.07. 2023	3.25%	2,893
EUR 2024 Fix	EUR	900	9,031	15.07. 2024	3.13%	9,021
EUR 2025 Fix PP	EUR	75	753	15.03. 2025	3.00%	724
EUR 2025 Fix	EUR	850	8,529	15.08. 2025	4.88%	8,803
SEK 2025 Float	SEK	1,250	1,250	12.09. 2025	4.49%	1,254
EUR 2026 Fix	EUR	800	8,027	15.07. 2026	3.50%	7,926
EUR 2027 Fix	EUR	850	8,529	15.09. 2027	3.00%	8,175
Total			43,980			43,751

Bonds with "Fix" in the denomination mature at fixed interest rates. Bonds with "Float" in the denomination mature at variable interest rates. Bonds with "PP" in the denomination refer to Private Placements.

The unutilised portion of the facilities amounted to SEK 14,927 M (8,178). 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 2020.

In July 2020, Intrum issued a five-year unsecured bond of EUR 600 M at a fixed interest rate of 4.875 per cent. The proceeds were used to refinance a fixed-rate bond maturing in 2022. In September, a supplementary issue of EUR 250 M was implemented at an issue price of 100,75, giving an effective interest rate of 4.70 per cent. The proceeds of the supplementary issue were used to repay outstanding amounts within Intrum's loan facility. During the third quarter, Intrum issued two unsecured bonds – a two-year bond of SEK 750 M at STI-BOR 3m +250 basis points, and a five-year bond of SEK 1.250 M at STIBOR 3m +460 basis points. The bonds were issued within the framework of the existing Swedish MTN programme. During 2020 commercial papers increased by SEK 122 M. The increase in commercial papers issued was used to repay outstanding amounts within Intrum's credit facility.

Change in borrowings for the year

SEK M	Group	
	2020	2019
Opening balance	50,625	42,911
Borrowings	48,721	96,485
Amortisation of loans	-48,711	-88,140
Effects of acquisitions and divestments	103	-57
Exchange rate differences	-2,035	-574
Closing balance	48,703	50,625

Maturities of long-term bank borrowings

SEK M	2020	Group 2019	Parent Company 2020	2019
Maturities of long-term bank borrowings				
Between 1 and 2 years	2,255	1,100	2,255	1,100
Between 2 and 3 years	4,505	7,835	4,505	7,835
Between 3 and 4 years	9,031	4,572	9,031	4,572
Between 4 and 5 years	10,532	10,185	10,532	10,185
More than 5 years	18,779	17,237	18,779	17,237
Total	45,103	40,929	45,103	40,929
Unused lines of credit excluding guarantee facility				
Expiring within one year	0	0	0	0
Expiring after more than one year	14,927	8,178	14,927	8,178
Total	14,927	8,178	14,927	8,178

Specification of maturity dates as per 31 December 2020

Short-term loans

SEK M	2021
Commercial papers	2,922
Bond loan	1,100
Total	4,022

Long-term liabilities

SEK M	2022	2023	2024	2025	2026	2027
Bond loan	2,255	4,505	9,031	10,532	8,027	8,529
Syndicated loan facility					2,223	
Unutilised portion of facility					14,927	
Total	2,255	4,505	9,031	10,532	25,177	8,529

Note 26 Accrued expenses and prepaid income

SEK M	2020	Group 2019	Parent Company 2020	2019
Accrued social security expenses	179	183	30	20
Accrued vacation pay	214	207	13	13
Accrued bonus expense	433	205	115	51
Prepaid subscription income	58	183	0	0
Accrued interest	451	479	451	477
Other personnel-related expenses	229	413	23	33
Derivatives	443	356	443	356
Office-related expenses	148	229	2	1
Production costs	438	411	0	0
Other accrued expenses	331	347	69	50
Total	2,924	3,014	1,146	1,001

Note 27 Pledged assets, contingent assets and contingent liabilities

SEK M	2020	Group 2019	Parent Company 2020	2019
Pledged assets				
Deposits	54	175	-	-
Restricted bank accounts	96	95	0	0
Shares in subsidiaries	31,251	31,637	34,891	34,138
Total	31,400	31,907	34,138	34,138
Contingent assets				
	None	None	None	None
Contingent liabilities				
Payment guarantees	70	92	-	-
Total	70	92	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 70 M (92).

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.

Other

In Spain, a dispute is pending in which a former customer has claimed damages amounting to EUR 5 B due to alleged shortcomings in the provision of certain services. The claim has been disputed. The possible effect on the Group's earnings of the above dispute is not assessed to be significant, and Intrum has, for reasons of caution, made a partial provision for the dispute.

The Group is also involved in other legal actions: in part a number of minor disputes and, in part, legal actions 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 28 Average number of employees

	Group		Of which, the Parent Company	
	2020	2019	2020	2019
	Men	Women	Men	Women
Austria	12	22	13	26
Belgium	38	55	50	68
Brazil	17	19	10	9
Czech Republic	28	55	28	51
Denmark	74	95	75	97
Estonia	4	20	4	20
Finland	138	346	124	324
France	180	391	196	451
Germany	133	271	147	347
Greece	618	416	76	103
Hungary	176	290	172	252
Ireland	29	33	34	42
Italy	327	446	331	467
Latvia	176	91	168	91
Lithuania	153	347	100	247
Luxembourg	1	0	1	0
Mauritius	28	74	30	77
Netherlands	98	74	94	64
Norway	269	364	278	322
Poland	149	219	160	217
Portugal	69	140	69	141
Romania	43	117	63	136
Slovakia	27	53	34	62
Spain	698	1,214	736	1,303
Sweden	159	237	160	266
Switzerland	97	117	123	128
United Kingdom	97	114	83	96
Total	3,838	5,624	3,359	5,407

Of the Group's employees, 20 per cent are younger than 30 years old, 33 per cent are 30–39 years old, 30 per cent are 40–49 years old and 17 per cent are 50 years old or older.

	2020		2019	
	Men	Women	Men	Women
Gender distribution of senior executives				
Board of Directors	6	3	6	3
Group Management Team	10	4	9	2
Country Managers	20	3	19	3
Board members in subsidiaries	84%	16%	83%	17%

Seven members of the Group Management Team are employees of the Parent Company. There is no special management team for the Parent Company.

Note 29 Salaries and remunerations

SEK M	Group		Parent Company	
	2020	2019	2020	2019
Salaries and other remuneration to Board members, Presidents and Executive Vice Presidents	191	148	63	21
Salaries and remunerations to:				
Other employees	3,683	3,878		
Head offices and central operations	401	253	98	103
Total salaries and other remuneration, Group	4,276	4,280	161	123
Social security expenses	989	830	66	54
<i>Of which pension expenses</i>	<i>221</i>	<i>187</i>	<i>21</i>	<i>20</i>
Total	5,265	5,110	227	177

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 30

Note 30 Terms and conditions of employment for senior executives

Guidelines on remuneration of senior executives

The 2020 Annual General Meeting adopted the following guidelines for executive remuneration.

The guidelines 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 per cent 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 per cent of the Base Salary, but for 2020 a maximum of 45 to 75 per cent 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 evaluated 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 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.

Terms of employment and remuneration of the CEO

Anders Engdahl, President and CEO since 17 October 2020, had a level of remuneration during 2020 in accordance with the Group's principles as detailed

above. His fixed monthly salary as CEO has been EUR 58,333. In addition to his fixed salary, he had the opportunity to receive up to 100 percent of his annual salary within the framework of the variable salary component (VSP) and up to 150 percent of his annual salary within the framework of the 2018 long-term remuneration programme (LTI). He was offered participation in LTIP 2020 with an initial allocation of 200 percent of his fixed annual salary. In addition to his salary, the company paid pension contributions corresponding to 30 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. In the event of resignation by the employee, the period of notice is six months and, in the event of termination by the company, the period of notice is twelve months. In the event of termination on the part of the company, severance pay of 12 months' fixed salary is payable. The outcome of LTIP 2018 was 100 percent, corresponding to 36,002 shares in Anders Engdahl's case. The total number of shares outstanding for the CEO in LTI 2019 and 2020, which run until the end of 2021 and 2022 respectively, will be 102,334 shares if fully vested.

Mikael Ericson was President and CEO until 17 October 2020. He remained at the company's disposal until 31 December 2020. In accordance with his employment contract, a notice period of 12 months applies as of 17 October 2020, during which his terms of employment remain unchanged. In addition, he is entitled to severance pay corresponding to 12 months' fixed salary, continued participation in the variable salary programme (VSP) and continued participation in the outstanding long-term incentive programmes (LTIP) for 2018 and 2019.

Terms of employment and remuneration for other members of Group Management

The remuneration and other terms of employment for other members of Group Management which were approved following the 2020 Annual General Meeting have followed the principles outlined 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. The long-term incentive programme for 2020 was launched in October 2020 with allocation levels in accordance with the resolution of the Annual General Meeting, that is, 35–100 percent of fixed annual salary. Pension benefits vary from country to country. In several cases, they are included in monthly salaries. All pension insurances plans are defined contribution plans, except in cases where mandatory collective agreements apply, and the retirement age is generally 65 years. Members of Group Management have company cars, in accordance with the Group's car policy. Other benefits also occur, in accordance with local practices, including subsidised meals and travel.

The notice of termination for members of Group Management Team varies from three to 12 months, regardless of whether termination is initiated by the employee or the company.

LTIP 2018 was fully vested at the end of 2020 and, in accordance with the terms of the programme, the shares must be transferred prior to the 2021 Annual General Meeting. For Group Management (excluding the President and CEO), the maximum allotment in LTIP 2018 amounts to a total of 48,402 shares. The total number of shares outstanding in LTIP 2019 and 2020 for the corresponding group amounts to 126,074 shares.

Remuneration for the year

Other senior executives in the table are defined as members of the GMT other than the CEO, see the Corporate Governance Report. In 2020, five individuals were appointed and one stepped down. At the end of 2020, there were 13 (10) other senior executives.

SEK thousands	Oct 17 – Dec 31 2020	Jan 1 – Oct 17 2020	2019
President and CEO	Anders Engdahl	Mikael Ericson	Mikael Ericson
Base salary	1,786	6,116	6,120
Variable compensation	15,153	16,230	5,069
Other benefits	29	88	85
Severance pay ¹	0	6,700	
Pension expenses	521	2,383	2,282
Total, President and CEO	17,489	31,516	13,555

1). Severance pay to Mikael Ericson includes 12 months' fixed salary. In addition to this, Mikael Ericson is entitled to participate in LTIP 2018 and (pro rata) in LTIP 2019, with payment in 2022.

SEK thousands	2020	2019
Other senior executives		
Base salary	42,061	33,704
Variable compensation	28,680	13,491
Other benefits	2,063	2,929
Severance pay	0	2,708
Pension expenses	7,379	6,047
Total other senior executives	80,183	58,871

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 2020 will be disbursed in early 2021.

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 7,130 thousand (6,940). The Directors have no pension benefits or severance agreements.

Board fees

SEK thousands	2020	2019
Per E. Larsson, Chairman	1,400	1,335
Magnus Yngen, Deputy Chairman	815	800
Liv Fiksdahl	780	615
Hans Larsson	630	765
Kristoffer Melinder	630	615
Andreas Näsvisik	630	765
Magdalena Persson	630	615
Andrés Rubio	780	615
Ragnhild Wiborg	835	815
Total Board fees	7,130	6,940

Board fees pertain to the period from the 2019 Annual General Meeting until the 2020 Annual General Meeting and from the 2020 Annual General Meeting until the 2021 Annual General Meeting respectively.

Note 31 Auditor's fees

	Group	Parent Company
SEK M	2020	2019
Ernst & Young		
Audit assignment	29	24
Audit-related advice	4	7
Tax advice	4	2
	0	0
Other auditing agencies		
Audit assignment	2	1
Audit-related advice	0	0
	0	1
Total	38	34
	7	9

Note 32 Leasing

As of 1 January 2019, the IFRS 16 leasing standard has significantly changed how the company accounts for its lease contracts. IFRS 16 requires that all agreements constituting a lease be reported in the balance sheet as a liability, corresponding to the present value of future lease payments, and as a right-of-use asset. There also has an effect on the income statement, primarily a reclassification from on-going leasing costs to depreciation and interest expenses.

As of 2019, all of Intrum's leases are instead reported as non-current assets and financial liabilities in the statement of financial position, except as set out below. As a lessee, Intrum will continue, in 2020, to report its leasing agreements in accordance with IFRS 16. The right-of-use assets are depreciated linearly over the term of the lease. The lease liability is equal to the discounted present value of future lease payments over the remaining term of the lease. The discount rate applied is the marginal borrowing rate as Intrum is unable to determine the implicit interest rate. Rather than reporting the leasing fee as an operating expense, Intrum reports depreciation and interest expenses under Total comprehensive income for the year. Interest expenses for the lease liability are calculated in accordance with the effective interest method and are reported under financial items.

Leases with a term of at most 12 months are considered to be current leases. These are always beyond the scope and are reported as on-going expenses. If leases pertain to "low-value assets", such as personal computers, laptops, tablets, telephones, office equipment or other items where the new 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, expensive IT equipment and other leasing. The foremost effect on the consolidated financial statements derives from accounting for office premises.

The change in right-of-use assets and lease liabilities since implementation is summarised below. The total value of the right-of-use assets has decreased slightly.

Right-of-use assets

SEK M	Land and buildings	Motor vehicles	ITC equipment	Other	Total
2019					
Opening balance, 1 January	691	32	0	5	728
Additions to right-of-use assets in 2019	363	34	0	3	400
Sales and disposals of right-of-use assets in 2019	3	-1	0	0	2
Depreciation over the year	-207	-22	0	-2	-231
Translation difference 2019	-10	-1	0	0	-10
Closing balance, 31 December 2020	840	42	0	5	888
2020					
Opening balance, 1 January 2020	840	42	0	5	888
Additions to right-of-use assets in 2020	241	29	9	1	279
Sales and disposals of right-of-use assets in 2020	-30	-1	0	0	-31
Depreciation over the year	-232	-24	-2	-2	-260
Translation difference 2020	-42	-2	0	0	-45
Closing balance, 31 December 2020	777	44	7	4	831
SEK M				2020	2019
Lease liability in Statement of financial position as of 31 December 2019					
Current (within one year)				220	443
Total current				220	443
Long-term (one-five years)				520	427
Long-term (longer than five years)				131	47
Total long-term				651	474
Amounts reported in the income statement					
Depreciation expense for right-of-use assets				-260	-231
Interest expense relating to lease liability				-41	-43
Variable lease payments (included in cost of sales)				-2	-1
Total amounts reported in the income statement				-303	-274
Amounts reported in the cash flow statement					
Total cash flow for leasing				-262	-253

Note 33 Financial instruments

SEK M	2020	Group 2019	Parent Company 2020	Parent Company 2019
Carrying value of financial instruments				
Financial assets valued at amortised cost ¹	34,521	35,835	33,933	37,400
Financial assets valued at fair value ²	295	204	295	204
Total carrying value of financial assets	34,816	36,039	34,228	37,604
Financial liabilities valued at amortised cost ³	54,534	56,647	57,288	57,057
Financial liabilities valued at fair value ²	894	666	443	356
Total carrying value of financial liabilities	54,428	57,313	57,731	57,413
On the balance sheet date, the following financial instruments amount to:				
Portfolio investments ⁴	27,658	28,508	-	-
Accounts receivable ⁵	1,184	1,860	-	-
Other receivables including accrued income ⁶	3,840	3,765	33,695	36,825
The item includes derivatives of Cash and cash equivalents ⁷	295	204	295	204
Financial assets valued at amortised cost¹	34,521	35,835	33,933	37,400
Financial assets valued at fair value ²	295	204	295	204
Total carrying value of financial assets	34,816	36,039	34,228	37,604
Long-term bank loans ⁸	2,081	6,186	2,081	6,186
Bond loan	43,706	41,645	43,706	41,645
Commercial papers	2,916	2,794	2,916	2,794
Accounts payable ⁹	493	512	49	72
Other liabilities including accrued expenses ¹⁰	6,017	6,454	8,979	6,716
The item includes derivatives of ^{2, 11}	894	666	443	356
Financial liabilities valued at amortised cost³	54,534	56,647	57,288	57,057
Financial liabilities valued at fair value ^{2, 11}	894	666	443	356
Total carrying value of financial liabilities for	55,428	57,313	57,731	57,413

1) 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, also intra-Group receivables.

2) Derivatives and deferred considerations are the only financial instruments restated at fair value. They are revalued based on a valuation technique that uses observable market data and thus falls under Level 2 in the valuation hierarchy according to IFRS 13. Deferred considerations related to acquisitions of shares in subsidiaries are restated at fair value in accordance with level 3.

3) 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 and, for the Parent Company, intra-Group liabilities.

4) 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. Taking into account that purchased receivables are deemed to be in default, they are classified in accordance with the third stage of credit risk in accordance with the classification 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. An account of purchased debt by year acquired is provided in Note 34.

5) Accounts receivable

Accounts receivable are recognised at amortised cost with no discount being applied since the remaining maturity is judged to be short.

6) 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.

7) 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 rate.

8) 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.

9) 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.

10) 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.

11) 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 295 M (204) that could be offset should the counterparties suspend their payments.

Note 34 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 service 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. This achieves economies of scale in terms of pricing for 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 2020	31 Dec 2019	Average	Average
			2020	2019
CHF	9.29	9.62	9.80	9.52
EUR	10.03	10.45	10.48	10.59
HUF	0.0276	0.0316	0.0299	0.0326
NOK	0.96	1.06	0.98	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 receive-

ables 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 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	2020	2019
SEK	1,031	936
EUR	10,371	9,766
CHF	1,120	804
HUF	1,304	1,434
NOK	1,212	1,575
Other currencies	1,810	1,470
Total	16,848	15,985

An appreciation of the Swedish krona of 10 percentage points on average in 2020 against EUR would thus, all else being equal, have affected revenues negatively by SEK 1,037 M, against CHF by SEK 112 M, against HUF by SEK 130 M and against NOK by SEK 121 M. In terms of net assets by currency, shareholders' equity in the Group, including non-controlling interests, is distributed as follows:

SEK M	2020	2019
SEK	11,988	21,303
EUR	23,498	17,470
– less EUR hedged through foreign currency loans	–25,907	–27,151
+ EUR hedged through derivatives	6,745	8,817
CHF	685	530
– less CHF hedged through derivatives	–106	–110
DKK	–17	–3
– less DKK hedged through derivatives	–67	–70
HUF	2,881	2,460
– less HUF hedged through derivatives	–1,930	–1,896
NOK	4,003	4,185
– less NOK hedged through foreign currency loans	–3,426	–3,760
Other currencies	3,616	3,118
Total	21,963	24,893

All else being equal, an appreciation in the Swedish krona of 10 percentage points as per 31 December 2020 against EUR would have affected shareholders' equity in the Group negatively by SEK 434 M, negatively against CHF by SEK 58 M, positively against DKK by SEK 8 M, negatively against HUF by SEK 95 M and negatively against NOK by SEK 58 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. 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 –31,141 M (–30,120) 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 46,951 M (49,105) on 31 December 2020. 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 44 months (46) for the entire loan portfolio.

A 1-per cent increase in market interest rates during the year would have adversely affected net financial items by approximately SEK 367 M. A five-per cent increase would have adversely affected net financial items by SEK 1,833 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 per cent of total committed loans have a remaining maturity of at least three years and that not more than 35 per cent of the total have a remaining maturity of less than 12 months.

Intrum AB is financed through a revolving syndicated loan facility, bonds, bilateral loans and commercial papers. The loan facility is arranged with a banking consortium comprising 14 banks and applies until January 2026. The loan facility contains operations-related and financial covenants, including limits on specific financial indicators. In addition, the 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. As of 31 December 2020, the loan framework had been utilised in the total amount of SEK 2,223 M (6,186), which can be broken down into NOK 2,075 M, EUR 10 M and GBP 12 M.

The unutilised portion of the facilities amounted to SEK 14,927 M (8,178). 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 2020.

In July 2020, Intrum issued a five-year unsecured bond of EUR 600 M at a fixed interest rate of 4.875 per cent. The proceeds were used to refinance a fixed-rate bond maturing in 2022. In September, a supplementary issue of EUR 250 M was implemented at an issue price of 100.75, giving an effective interest rate of 4.70 per cent. The proceeds of the supplementary issue were used to repay outstanding amounts within Intrum's loan facility. During the third quarter, Intrum issued two unsecured bonds – a two-year bond of SEK

750 M at STIBOR 3m +250 basis points, and a five-year bond of SEK 1.250 M at STIBOR 3m +460 basis points. The bonds were issued within the framework of the existing Swedish MTN programme. Consequently, Intrum has outstanding bond loans for a total SEK 43,706 M (41,645).

During 2020 commercial papers increased by SEK 122 M. At the end of the year, commercial papers amounted to SEK 2,916 M (2,794). The increase in commercial papers issued was used to repay outstanding amounts within Intrum's credit facility.

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 five years	Total
31 Dec 2020				
Accounts payable and other liabilities	5,259	-	-	5,259
Lease liabilities	220	520	131	871
Liabilities to credit institutions	-	-	2,081	2,081
Bond loan	1,100	26,323	16,557	43,980
Commercial papers	2,916			2,916
Total	9,495	26,843	18,769	55,106

31 Dec 2019

Accounts payable and other liabilities	5,541	-	-	5,541
Lease liabilities	443	427	47	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	10,994	27,602	25,675	64,271

Financial liabilities in the balance sheet – Parent Company

SEK M	Within 1 year	2–5 years	Later than 5 years	Total
31 Dec 2020				
Accounts payable and other liabilities	1,231	-	-	1,231
Liabilities to credit institutions	-	-	2,081	2,081
Bond loan	1,100	26,323	16,557	43,980
Commercial papers	2,916			2,916
Liabilities to Group companies	1,654	5,699		7,353
Total	6,902	32,022	18,638	57,561

SEK M	Within 1 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	8,081	30,536	25,628	64,245

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 per cent 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 17.

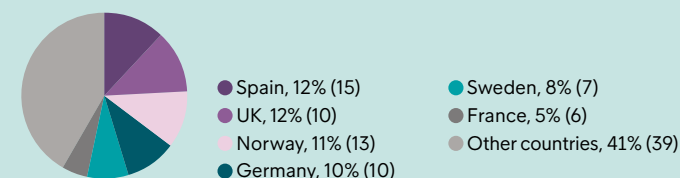
Portfolio investments

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 27,658 M (28,508) 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 19,571 M. Portfolios are normally acquired from customers with whom the Group has had a long-term relationship. The acquisitions have gen-

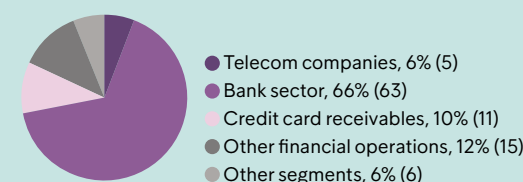
erally consisted of unsecured debt, requiring relatively less capital and significantly simplifying administration compared with collateralised receivables. Since 2016, however, Intrum has also begun to acquire portfolios with underlying collateral, usually in the form of property mortgages. Intrum places 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 Pireus 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



Receivables by industry



Of the total carrying value on the balance sheet date, 17 per cent represents portfolio acquisitions in 2020, 20 per cent acquisitions in 2019, 14 per cent acquisitions in 2018 and 14 per cent acquisitions in 2017. The remaining 35 per cent relates to receivables acquired in or before 2016, 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.

As at 31 December 2020 the undiscounted acquired loss allowances at initial recognition amounted to SEK 47,432 M (62,835) for credit-impaired loan portfolios acquired by the Group during January to December.

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 295 M (204), and liabilities at SEK 443 M (356). 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	24	-6
CZK	1,255	-
DKK	36	-751
EUR	568	-170
GBP	22	-171
HUF	28,150	-709
NOK	681	-27
PLN	14	-24
RON	26	-165
SEK	5,113	-8,381

The Parent Company and the Group also hold currency interest rate swaps, which amount to SEK 1,457 M and 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 NOK 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 70 M (92). 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 35 Acquisitions

In the cash flow statement, SEK 35 M (5,135) is reported as acquisitions of subsidiaries and joint ventures. The amount for 2020 comprises acquisitions of operations from Pragma for SEK 6 M and acquisitions of the minority share (49 per cent) in the Brazilian credit management company Intrum Brasil Consultoria e Participações, S.A. of SEK -29 M.

Acquisitions of operations from Pragma

In April, the acquisition was completed of a small credit management company in Poland for a purchase consideration of SEK 6 M. Consolidated goodwill amounted to SEK 5 M. The operations were merged with Intrum Sp. z o.o. Poland, the company had 26 employees.

Acquisition of 49 per cent of the shares in Intrum Brasil Consultoria e Participações, S.A.

In October, a minority holding of 49 per cent was acquired in the Brazilian credit management company Intrum Brasil Consultoria e Participações, S.A. The purchase consideration amounted to SEK 29 M. The reported surplus value amounts to SEK 27 M and is reported under changes in shareholders' equity under comprehensive income for the period.

Acquisitions in 2019

In the second quarter of 2019, Intrum acquired 80 per cent of the shares in the Spanish company Solvia Servicios Inmobiliarios for SEK 1,937 M. Intrum gained a controlling influence over the acquired company on 24 April 2019.

Solvia

Intrum carried out the acquisition of Solvia Servicios Inmobiliarios (Solvia) from Banco Sabadell. The acquisition entails Intrum acquiring 80 per cent of the shares in Solvia while Banco Sabadell retains 20 per cent. Solvia is one of Spain's leading suppliers of property management services.

The acquisition is reported as follows in the consolidated balance sheet:

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 of 2019, Intrum agreed with Piraeus Bank to acquire the bank's platform for management of overdue receivables. The transaction was completed in the fourth quarter of 2019, 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 per cent of the shares.

The acquisition is reported as follows in the consolidated balance sheet:

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	345	363
Other receivables	56	-	56
Cash and bank balances	38	-	38
Other liabilities and provisions	-302	-	-302
Net assets	3,708	-81	2,636
Non-controlling interests			-527
Paid in cash			3,187
Deferred purchase consideration			310
Goodwill			1,427
Cash and cash equivalents in acquired companies			38

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 30, 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 2020, Intrum purchased services from LBHF Joint Ventures Ltd for SEK 1.7 M and from Sothernwood Consulting for SEK 0.6 M. Three individuals, including the country manager for the UK, Edward Nott, are members of the Board of LBHF Joint Venture.

Although the Parent Company has close relationship to its subsidiaries, see Note 13, it has no transactions with other related parties.

Over the year, the Parent Company received SEK 557 M (402) in income from sales of services to Group subsidiaries, and incurred SEK 241 M (107) in expenses attributable to services purchased from subsidiaries.

Note 37 Reconciliation of key figures

SEK M	2020	2019
Items affecting comparability in sales		
Positive revaluations portfolio investments	3,145	920
Negative revaluations portfolio investments	-3,178	-892
Compensation terminated BPO	-	177
Items affecting comparability, portfolio depreciation	150	-
Total items affecting comparability in sales	117	205
Items affecting comparability in operating earnings		
Positive revaluations portfolio investments	3,145	920
Negative revaluations portfolio investments	-3,178	-892
Integration expenses Lindorff	-	-224
Transaction expenses acquisitions	-1	-274
Compensation received terminated BPO	-	147
Goodwill impairment	-	-2,700
Efficiency programme	-	-656
Items affecting comparability, joint ventures	-1,040	-
Other items affecting comparability	-119	-469
Items affecting comparability, portfolio depreciation	150	-
Total items affecting comparability in operating earnings	-1,043	-4,148
Items affecting comparability by income statement item		
Income from customers	-	177
Revenues on portfolio investments calculated using the effective interest method	150	-
Positive revaluations portfolio investments	3,145	920
Negative revaluations portfolio investments	-3,178	-892
Cost of goods and services sold	-120	-819
Sales, marketing and administration expenses	-	-834
Share of the profit or loss of associates and joint ventures accounted for using the equity method	-1,040	-
Goodwill impairment	-	-2,700
Total items affecting comparability in operating earnings	-1,043	-4,148
Other items affecting comparability by service line		
Credit Management	-	-235
Strategic markets	-106	-3,092
Portfolio investments	-944	-15
Common expenses	7	-834
Total other items affecting comparability	-1,043	-4,176
Adjusted revenues		
Revenues	16,848	15,985
Items affecting comparability	-117	-205
Adjusted revenues	16,731	15,780

SEK M	2020	2019
Adjusted operating earnings		
Operating earnings	4,695	2,060
Items affecting comparability	1,043	4,148
Adjusted operating earnings	5,738	6,207
Earnings excluding revaluations		
Earnings from portfolio investments	3,167	4,877
Of which, revaluations	944	-28
Earnings excluding revaluations	4,111	4,849
Average carrying value		
Average carrying value of portfolio investments in receivables	28,306	26,661
Average carrying value of joint venture	6,292	6,094
Average carrying value of property	397	344
Total average carrying value	34,995	33,099
Return including revaluations	9	15
Return excluding revaluations	12	15
Cash EBITDA		
EBIT	4,695	2,060
Depreciation/amortisation	1,529	1,246
Portfolio depreciation	4,158	4,183
Portfolio revaluations	33	-28
Adjustment of earnings in joint ventures	734	-1,179
Adjustment of cash flow in joint ventures	338	197
Goodwill impairment	-	2,700
Items affecting comparability, excluding portfolio revaluations	1,010	1,476
Items affecting comparability, joint ventures	-1,040	-
Items affecting comparability, portfolio depreciation	150	-
Cash EBITDA	11,607	10,654
Net debt		
Liabilities to credit institutions	2,081	6,186
Bond loan	43,706	41,645
Provisions for pensions	381	387
Commercial papers	2,916	2,794
Liquid assets	-2,134	-1,906
Closing balance of net debt	46,950	49,105
Net debt/Cash EBITDA	4.0	4.6¹

¹⁾ The calculation of Cash EBITDA does not include any pro forma adjustments.

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 adjusted operating earnings (EBIT) adding back depreciation and amortisations and portfolio amortisations. In addition, the EBIT contribution from joint ventures is replaced by the actual cash contribution from the joint venture

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 programmes, integration costs, extraordinary projects, divestments, impairment of non-current 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. 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) is operating earnings excluding revaluations of portfolio investments and items affecting comparability.

Not 38 Events after the end of the year

On 31 January 2021 the Board of Directors of Intrum AB (publ) was informed by its largest shareholder, a Nordic Capital controlled entity, that it has granted 3,200,000 call options that entitles to purchase of 3,200,000 Intrum shares, to Intrum's President and CEO Anders Engdahl, and 640,000 call options that entitles to purchase of 640,000 Intrum shares, to Intrum's Chairman Per E Larsson. The call options have been purchased on market terms and the value of the call options has been calculated by an independent valuation institute using a standard valuation model (Black-Scholes). The call options are divided into five series and each call option entitles to the purchase of one Intrum share during a certain exercise period and to a certain exercise price depending on the series. The call option grant does not result in any dilution for Intrum's other existing shareholders nor does it inflict any additional costs for Intrum.

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 amortisation 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 recognised at amortised 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 amortisation 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 Services (CMS), Portfolio Investments (PI) and Strategic Markets (Greece, Italy, Spain and Brazil), 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 the opening and closing book value for the full year.

Adjusted operating earnings

Adjusted operating earnings (EBIT) is operating earnings excluding revaluations of portfolio investments and other items affecting comparability.

Net debt

Net debt is interest-bearing liabilities and pension provisions less liquid assets and interest-bearing receivables.

Cash EBITDA

Cash EBITDA is adjusted operating earnings (EBIT) adding back depreciation and amortisations and portfolio amortisations. In addition, the EBIT contribution from joint ventures is replaced by the actual cash contribution from the joint venture

Non-recurring items (NRIs)

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. Non-recurring items include restructuring costs, closure costs, reversal of restructuring or closure reservations, cost savings programmes, integration costs, extraordinary projects, divestments, impairment of non-current 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.

Estimated remaining collections, ERC

Estimated remaining collections are the nominal value of expected future collections on the Group's portfolio investments.

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/net earnings

Dividends as a share of earnings for the year attributable to Parent Company shareholders.

See also Note 38 on page 95.

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	-5,937,679,426
Net earnings for the year	419,219,769
Total	11,923,375,627

The Board of Director propose that the earnings be distributed as follows¹:

SEK	
Dividend, 131,541,320 shares x SEK 11.00	1,450,451,016
Balance carried forward	10,472,924,611
Total	11,923,375,627

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 2021 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 26 March 2021 and are proposed for approval by the Annual General Meeting on 29 April 2021.

Stockholm, 26 March 2021

Anders Engdahl
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 29 March 2021.

Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Auditor's 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 2020. The annual accounts and consolidated accounts of the company are included on pages 51-97 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 2020 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 2020 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 2020 amounted to SEK 16,848 M. As is evident from notes 3 and 4 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.

Valuation of goodwill

Description

Goodwill is reported in the amount of SEK 31,650 M in the consolidated balance sheet as per 31 December 2020. 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. 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 2 and 11. 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 valuation of goodwill 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 the precision of previous forecasts has been evaluated. We have also reviewed the disclosures in the financial statements regarding goodwill.

Valuation of Portfolio investments

Description

Portfolio investments is reported at SEK 27 658 M in the consolidated balance sheet as per 31 December 2020. 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 2, and a description of portfolio investments is given in note 15. The Company's valuation 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 1-50 and 100-112. The remuneration report for the financial year 2020 also constitutes other information. 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 respon-

sible 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 2020 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 6 May 2020 and has been the company's auditor since the 25 April 2012.

Stockholm 29 March 2021

Ernst & Young AB

Jesper Nilsson
Authorized Public Accountant

Sustainability

Contents

Note	
H1 About the Sustainability Report	101
H2 Sustainability governance	101
H3 Stakeholder engagement	102
H4 Materiality analysis	103
H5 Sustainability targets and outcomes	103
H6 Agenda 2030	104
H7 Focus areas, material sustainability issues and sustainability data	104
H8 Sustainability reporting index in accordance with the Annual Accounts Act	108
H9 Auditor's Combined Assurance Report on the Sustainability Report and statement regarding the Statutory Sustainability Report for Intrum AB (publ)	109
H10 GRI Index	110

H1 About the Sustainability Report

Accounting principles

This Annual and Sustainability Report integrates financial data with sustainability information. The Sustainability Report has been prepared in accordance with the 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 2020 to 31 December 2020. The preceding Sustainability Report was published on 15 April 2020.

The report includes disclosures regarding our view on sustainability, value creation and risks associated with issues related to the environment, social conditions, labor, respect for human rights and anti-corruption. The sustainability report has been limited assured by Intrum's auditors, see page 109 for the auditors report. The report encompasses Intrum AB (publ) and our operations in 25 markets (see Note 13, pages 80-82).

Significant changes since the preceding reporting period

A Sustainability Report was prepared in accordance with the reporting requirements in the 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, since then, follows the GRI Standards guidelines at the Core accounting level.

Contact persons

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Vanessa Söderberg, Sustainability Director
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H2 Sustainability governance

The strategic focus of Intrum's sustainability work is approved by the Board of Directors, which is also the highest decision-making body in 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 who is part of the Group Management Team. The company's Sustainability Integration Committee (SIC) is responsible for simplifying the coordination and integration of the work in the Group as a whole and for integrating sustainability into day-to-day business operations. The Committee is chaired by the Chief Communications Officer and the Sustainability Director and, in addition to these, the Committee includes representatives from our Credit Management and Portfolio Investments service lines, HR, Risk and Compliance, Finance, and two Country Managers. In 2020, the focus was on further developing the materiality analysis, as well as developing a sustainability strategy, including a plan for implementation.

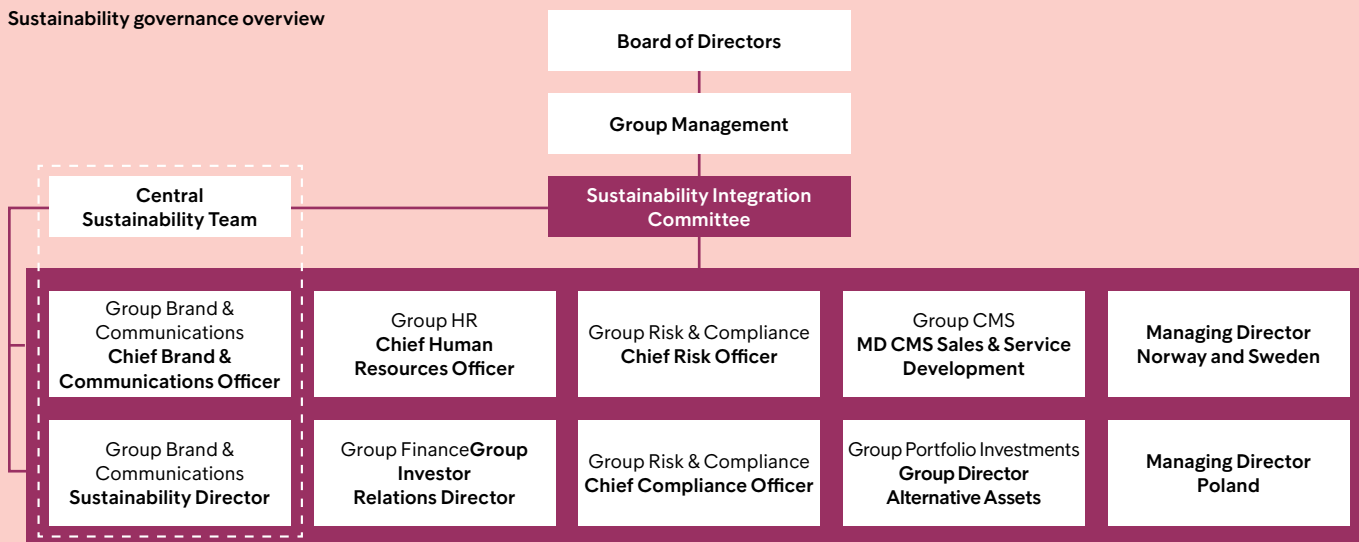
Our purpose, values, mission and vision lay the foundation for our sustainability work alongside Intrum's Code of Conduct and related internal instructions. The Code of Conduct covers our employees, partners and suppliers. Other governance documents of significance for our sustainability work include our environmental instructions, HR instructions, integrity and data protection instructions, sales instruction and instructions 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 instructions can be found in the Corporate Governance Report on pages 40-50.

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 rights, 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.

Sustainability governance overview



H3 Stakeholder engagement

Our key stakeholders are those who are influenced by our operations to a substantial extent and who play a significant role in our operations – customers, clients, employees, shareholders and society.

We integrate daily discussions with our stakeholders into various contexts. Through continuous dialogues, we can be responsive to their expectations and develop our operations in line with stakeholders' expectations. The interaction with them occurs in a variety of ways, including through individual conversations, broader discussions, surveys and questionnaires.

In addition to the interaction in the day-to-day operations, we conduct targeted sustainability dialogues to deepen our understanding of our impact on stakeholders. In 2019, we conducted in-depth interviews with a selection of our largest shareholders, corresponding to more than 60 per cent of the total shareholder base, regarding their expectations of our sustainability work today and in the future. In 2021, we intend to conduct dialogues focusing on human rights and sustainability with several of our key stakeholders.

The results of these conversations and dialogues form the basis of our materiality analysis and have 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 and strengthens how we generate value as a company.

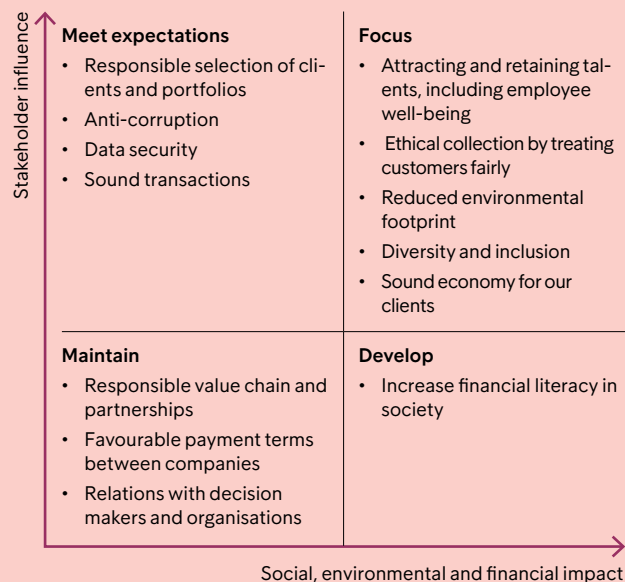
Intrum's Stakeholder dialogue

Stakeholder	Examples of interactions	Examples of material issues	Addressing questions
The customers are our clients' customers, individuals and sometimes companies in debt who we encounter in our day-to-day operations and whose cases we take on when they pay late or fail to pay.	Annual focus groups, regular customer surveys, daily contact through our website, e-mail, telephone and letters.	A personal approach, that we show empathy and are able to identify individually tailored solutions, that we provide user-friendly tools and offer favourable accessibility.	Our daily work is guided by our values. Our Code of Conduct incorporates our values and guides us in our daily work. In 2020, new principles were developed regarding our ethical treatment of customers during the current pandemic.
Our clients are companies in various sectors whom we help secure payment. Clients span all scales of companies, from multinational corporations to small and medium-sized companies.	Annual client satisfaction survey, annual interviews, the annually-produced European Payment Report, as well as daily contact through our website and by e-mail and telephone.	Liquidity, our treatment of their customers, that we are part of the customer journey, that we are a professional partner offering user-friendly and customised solutions.	An annual survey of our clients facilitates our continued development. Our daily work is guided by our values. Our Code of Conduct incorporates our values and guides us in our daily work.
Society is a broad stakeholder group including citizens and policy makers, consumers and companies, authorities and organisations, to name just a few.	Regular cooperation with the bodies of the European Union, regular cooperation with local decision-makers, regular financial education initiatives.	A well-functioning credit market for creditors and borrowers, that we help individuals become debt-free thereby improving their circumstances, that we contribute to a sound economy for companies with a responsible and ethical approach.	Two annual surveys, the European Payment Report involving more than 10,000 companies and the European Consumer Payment Report involving more than 24,000 consumers. These surveys provide insights that we also share with others. We also collaborate with decision-makers at different levels to foster regulatory development in a desirable direction.
Our existing and potential shareholders	Discussions with shareholders, quarterly reporting including road shows, meetings with shareholders including the Annual General Meeting.	Ethical treatment of customers, responsible selection of clients and debt portfolios, anti-corruption and a reduced climate footprint, our work with sustainability related risks.	Development of relevant governance documents, integration of sustainability-related risks into the risk management process. In 2020, efforts were initiated to identify our climate-related risks in accordance with TCFD's framework.
In the 25 markets in which we operate, Intrum has approximately 10,000 employees in total.	The annual MyVoice employee survey, the Workplace internal communications platform with daily interactions, ongoing interactions and discussions.	Well-being, workplace environment and health, diversity and inclusion, skills supply, development opportunities and to work at a sustainable company.	An annual employee survey, global and local handling of the results if the employee survey by the teams.

H4 Materiality analysis

In 2020, we further developed our materiality analysis and prioritisation of the material aspects identified with the help of stakeholder dialogues. The work was handled within our Sustainability Integration Committee (SIC). Our 13 material sustainability aspects are presented in the graph below. Presented in the upper right-hand corner under the 'Focus' category are the highest-priority sustainability aspects for the near future. In the upper left-hand corner under 'Meet expectations' are the aspects where we need to work to ensure that we meet our stakeholders' expectations of us. In the lower left-hand corner under 'Maintain' are the aspects that are on our agenda but that do not currently require additional resources. Finally, in the lower right-hand corner under 'Develop' are the aspects of importance for our future development and in which we can have an impact, but which are not considered essential for our stakeholders.

The updating of the materiality analysis from the previous year means that the issues of 'Diversity and inclusion', 'Sound finances for our clients' and 'Reduced environmental footprint' have been moved from 'Meet expectations' to 'Focus' in the graph. The issue 'Responsible selection of clients and portfolios' has moved from 'Focus' to 'Meet expectations'. The issue 'Sound transactions' has moved from 'Maintain' to 'Meet expectations'.



Areas of focus and material sustainability issues

Promote sustainable payments	Respected and highly trusted actor	Growing by making a difference
<ul style="list-style-type: none"> Ethical collection by treating customers fairly Responsible selection of clients and portfolios Sound economy for our clients Favourable payment terms between companies Sound transactions Increased financial literacy in society 	<ul style="list-style-type: none"> Anti-corruption Reduced environmental footprint Responsible value chain and partnerships Data security Relations with decision makers and organisations 	<ul style="list-style-type: none"> Attracting and retaining talents, including employee well-being. Diversity and inclusion

H5 Sustainability targets and outcomes 2020

During the year, our materiality analysis and our priorities within the sustainability agenda were further developed. As a result, we launched our sustainability strategy for 2020-2023 at our capital markets day in November 2020. The five aspects of sustainability in focus for our strategy are ethical collection, sound finances for our clients, well-being among our employees, diversity and inclusion, and reduced environmental footprint. The new strategy has also led to new focus areas within the UN's 2030 agenda.

Strategic sustainability targets

Focus area	Strategic sustainability targets 2020-2023	Outcome in 2020
<i>Promote sustainable payments</i>	Maintain a high level in the Culture Index at above 80/100 (80/100 2019).	82/100
	Increase the average Client Satisfaction Index to above 75/100 (73/100 2019)	75/100
<i>Grow by making a difference</i>	Increase the Engagement Index among our employees to above 80/100 (76/100 2019)	79/100
	Achieve a more balanced gender distribution throughout the company (40/60 %)	Board of Directors: Women 33 %, Men 67 %. Group Management: Women 27 %, Men 73 % Entire organisation: Women 63 %, Men 37 %.
<i>Be a respected and highly trusted actor</i>	To achieve climate neutrality by 2030 and to reduce our total greenhouse gas emissions by at least 20 per cent compared with 2019	In 2020, our total reported emissions decreased from 6,808 tonnes to 6,196 tonnes, which corresponds to about 9 %.

Focus area	Targets for 2020	Outcome in 2020
<i>Promote sustainable payments</i>	Uniformly measure customers satisfaction in at least 12 of our 25 markets	A supplier has been procured to implement a Group-wide survey among our customers in 2021.
<i>Growing by making a difference</i>	Reduce staff turnover initiated by employees from 18 per cent to at most 15 per cent by 2020.	Staff turnover initiated by employees decreased to 13 per cent in 2020.
<i>Be a respected and highly trusted actor</i>	To achieve climate neutrality by 2030 and to reduce our total greenhouse gas emissions by at least 20 per cent compared with 2019	In 2020, our total reported emissions decreased from 6,808 tonnes to 6,196 tonnes, which corresponds to about 9 %.

H6 Agenda 2030

In connection with the prioritised sustainability aspects being revised in the sustainability strategy for 2020-2023, we have also identified new goals within the UN's agenda 2030 where we perceive that we have potential to contribute through our work. We have identified three sustainable development goals, as well as five targets to which we have the opportunity to make a positive contribution through our sustainability strategy and activities.

Intrum Agenda 2030

Focus area	Goals and targets where we have the greatest opportunities to contribute		Examples of activities
Enable sustainable payments		Goal 8 – Decent work and economic growth	Target 8.10 Universal access to banking, insurance and financial services
			Target 8.3 Promote policies to support job creation and growing enterprises
Growing by making a difference		Goal 5 – Gender equality	Target 5.5 Ensure full participation in leadership and decision-making
		Goal 8 – Decent work and economic growth	Target 8.8 – Protect labour rights and promote safe working environments
Be a trusted and respected and actor		Goal 13 – Climate action	Target 13.2 – Integrate measures against climate change into policy and planning

H7 Focus areas, material sustainability issues and sustainability data

H7:1 Focus area: Enable sustainable payments

Ethical collection by treating customers fairly

We attach great importance to treating our customers with empathy and respect for their individual circumstances. This applies both to how we communicate with customers, but also how we handle cases. For us, this is a basic precondition 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 that guide us in our daily work and in the treatment of both customers and our other stakeholders. We have also formalised principles on our approach to customers in our internal instruction "treating customers fairly".

Work is under way to begin measuring customer satisfaction in a uniform manner in our markets.

Since developing our values in 2017, our annual employee survey measures the extent to which our employees feel that we live up to our values, which is captured in our value index. In the latest survey, we reached 82 in our value index which is the highest measured level so far. The employee survey is conducted among all employees and had an 87 per cent response rate, which was slightly higher compared with the previous year (84).

By helping customers find a solution to get out of debt, we help them back to sound personal finances. Every year, we measure the total number of debt cases where we have helped our customers to find a solution to settle the case. Starting 2020 we also measure the number of customers that we have helped to become debt free,

Key internal governance documents

Code of Conduct
Treating customers fairly

Company-specific key performance indicator – Ethical collection

	2020	2019	2018
Valuation Index (0-100)	82	80	80
Number of debt cases finally settled (millions)	14.8	9.7	10.5
Number of customers that became debt free (millions)	6,2	n/a	n/a

Responsible selection of clients and portfolios

For us, it is important to collaborate with clients who share our values of good business ethics. Our clients and portfolios form the core of our value chain, and we therefore select our clients and portfolios with care. In practice, this means that we opt out of clients or portfolios whose invoices have no legal basis, that apply unethical lending terms or offensive sales methods, or are not considered ethical for other reasons.

Our sales instruction stipulate the criteria for how we choose our clients and portfolios. Before we commence a collaboration with a client, a due diligence is performed in accordance with these criteria. From 2019, we monitor the proportion that has been approved after review in our client register system.

Key internal governance documents

Code of Conduct
Sales instruction

Company-specific key performance indicator – Selection of clients

	2020	2019	2018
Proportion of new clients approved after review	99,88%	94.5%	n/a

Sound finances for our clients

The core of our operations entails helping companies get paid for the goods and services they have sold. We offer our clients a long-term partner facilitating development and growth. We strive to offer our clients favourable service and to provide user-friendly solutions.

Our daily work is guided by our values of Empathy, Ethics, Dedication and Solutions. Our Code of Conduct incorporates the values that guide our daily work and how we treat clients and other stakeholders alike.

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 2020, the Index amounted to 75, which was the highest measured level since 2017.

By helping our clients get paid for their goods and services by acting as agents or by buying portfolios, we contribute financial value to them. We monitor this financial value, that is, how much money we have collected on behalf of our clients through our credit management services, as well as the value of the portfolios we have purchased from clients and thus released from their balance sheets.

Key internal governance documents

Code of Conduct

Company-specific key performance indicators – Sound finances for our clients

	2020	2019	2018
Client Satisfaction Index (0–100)	75	73	73
Financial value generated for our clients (SEK billion)	77	67	69

Sound transactions

Money laundering is a growing problem in society and, as a financial sector player that handles payments, we risk being negatively impacted. We regularly review transactions conducted within our operations, and suspicious transactions are reported to the relevant authorities.

Key internal governance documents

Instructions for anti-money laundering, terrorist financing, and sanctions

Company-specific key performance indicators – Sound transactions

	2020	2019
Number of cases reviewed	1,614	1,046
Number of cases reported	7	10

Increased 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 personal finances and the consequences of paying on credit is low, and many would like to learn more about these issues at a young age. We see it as an opportunity and our responsibility to help raise the level of awareness regarding sound finances by actively sharing our knowledge within the framework of our daily activities and through targeted educational initiatives.

We conduct a number of different educational initiatives in our markets. During the year, our educational initiatives reached approximately 13,000 people.

Important internal governing documents

Code of Conduct

Company-specific key performance indicator – Educational initiatives

Number of individuals reached by our educational initiatives in 2020: 13,270

Country	Description
Belgium	Through a collaboration with the “Vlajo” organisation, we have been involved in providing students with financial education.
Finland	Collaboration with Haaga-Helia University, in which one of the objectives of the partnership is to increase financial awareness among young people.
Norway	We provide financial support and collaborate with the Norwegian Red Cross in an initiative in which we educate former inmates on personal finance. In 2020, we decided to deepen the continued collaboration by expanding the education initiative to additional target groups, such as new arrivals.
Portugal	Sponsorship of 15 teams of university students in a global management competition, as well as participation in events at universities.
Spain	Financial education programme for students.
Sweden	Spendido is an interactive digital tool 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 times to suppliers, we have a direct impact, and we also work pro-actively to indirectly shorten payment times for companies, thus contributing to their development and growth. This is achieved through various activities with the objective of shortening payment times for companies.

Key internal governance documents

Code of Conduct

H7:2 Focus area: 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 36 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. All information on employees is based on total number of employees.

Key internal governance documents

Code of Conduct

HR instruction

GRI 102-8 Information on employees and other workers

Total number employees by employment contract and gender

Gender	Permanent	Temporary	Total
Women	6 231	396	6 627
Men	3 666	180	3 846
Other	1	0	1

Gender	Full time	Part time	Total
Women	5 302	1 325	6 627
Men	3 487	359	3 846
Other	1	0	1

GRI 405-1 Diversity among Board of Directors, management and employees

	2020	2019	2018
<i>Gender distribution, management group</i>			
Women	27%	18%	23%
Men	73%	82%	77%
Other	0%	0%	0%
<i>Gender distribution, Board of Directors</i>			
Women	33%	33%	33%
Men	67%	67%	67%
Other	0%	0%	0%
<i>Gender distribution, employees</i>			
Women	63%	62%	63%
Men	37%	38%	37%
Other	0%	0%	0%

Distribution of manager positions with regard to gender and age

Age	Women	Men	Other
<30	2,5%	1,9%	0%
30–40	15,3%	15,5%	0%
40–50	21,1%	21,9%	0%
50+	8,7%	13,0%	0%

Company-specific key performance indicator – Languages spoken

We speak 36 different languages in which we can serve our customers and clients in the 25 markets in which we operate.

Albanian	French	Kurdish	Portuguese	Swedish
Arabic	Greek	Latvian	Punjabi	Tamil
Bosnian	Hindu-Urdu	Lithuanian	Romanian	Czech
Danish	Dutch	Macedonian	Russian	Turkish
Dari	Icelandic	Norwegian	Serbo-Croatian	German
English	Italian	Persian	Slovakian	Hungarian
Estonian	Catalan	Polish	Spanish	
Finnish	Cantonese			

Attract and retain talented individuals, including employee well-being

Our capacity to attract and retain talent goes hand in hand with our employees' well-being. To attract talented individuals 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 this regard. All employees working with us must be able to enjoy their fundamental freedoms and rights.

Key internal governance documents

Code of Conduct
HR instruction

GRI 401-1 New employee hires and employee turnover

	2020	2019	2018
Number of new hires	2,096	3,634	2,204

Employee turnover	21%	26%	28%
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New hires

	Total
Age group	
<30	1,020
30-40	620
40-50	331
50+	125
Total	2,096

Gender	
Women	1 339
Men	755
Other	2
Total	2,096

Employee turnover

	Total
Age group	
<30	781
30-40	649
40-50	447
50+	281
Total	2,158

Gender

Women	1 289
Men	860
Other	3
Total	2,158

GRI 102-41 Collective agreements

	2020	2019	2018
Proportion of employees covered by collective agreements	46%	>60%	50%

Company-specific key performance indicators – Well-being among employees

	2020	2019	2018	2017
Employee engagement Index (0–100)	79	76	74	76
Sick leave	6%	7%	6%	5%

H7:3 Focus area: Trusted and respected actor

Anti-corruption

As a player in 25 markets, we are, like other companies, exposed to corruption risks in our markets. 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 conduct an annual assessment of corruption risks throughout our operations, including with regard to the following categories: risks linked to clients in each sector, geographical risks, internal risks, implementation risks. At an overarching level, the risks are classified as moderate. No significant risks have been identified, but a high level of risk has been identified in relation to our operations in Brazil – and, due to geographical risks, to outsourced activities and external partners outside Europe.

Key internal governance documents

Instructions against corruption and bribes
Code of Conduct

GRI 205-3 Confirmed incidents of corruption and actions taken

	2020	2019	2018
Confirmed incidents of corruption and actions taken	0	0	0

GRI 205-1 Operations assessed for risks related to corruption

	2020	2019	2018
Percentage of operations assessed for risks related to corruption	100%	100%	n/a

Company-specific key performance indicator – Whistle-blower channel

	2020	2019	2018
Number of cases in the whistleblower channel "Code of Conduct Hotline" that have resulted in action being taken	3	2	1

During 2020, three incidents were reported via the whistle-blower function, prompting further investigation and resulting in measures being taken. In one case, the investigation resulted in a termination with one of our business customers. In the other case, the investigation led to support measures for the manager and staff concerned. In the third case, a probationary period was terminated due to a suspected violation of our Code of Conduct.

Data security

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.

Key internal governance documents

Information security instruction
Privacy Policy
Privacy Governance

GRI 418-1 Documented complaints regarding breaches of privacy protection and loss of customer data

	2020	2019	2018
Number of documented complaints regarding breaches of privacy protection/ loss of customer data	40	9	n/a

In 2020, 40 investigations into our operations were initiated by supervisory authorities. One of these investigations was initiated within the framework of the supervisory authority's annual plan, three of them because Intrum reported personal data incidents to the supervisory authority, and the remaining 36 as a result of customer complaints.

Of these 40 investigations, 22 have been concluded and 18 are still in progress. In one of the concluded investigations, the supervisory authority determined that Intrum had identified and applied erroneous legal grounds in a collection case. Intrum was ordered to identify the correct legal grounds and to adjust its claim accordingly.

One of the cases resulted in a fine equivalent to EUR 6,000 for violating the right to disclosure of the subject of the data. This case was initiated in 2019, and the ruling was received in 2020. Another of the cases resulted in an administrative fine equivalent to EUR 2,800 for violation of the right to be forgotten. The basic reason was that Intrum applied the wrong legal grounds (contractual instead of legitimate interest) to handle the customer's data and therefore had no basis for handling the customer's e-mail address from previously handled cases. The case was initiated in 2019 and the decision came in 2020.

Relations with decision makers and organisations

Both nationally and internationally, we are engaged in dialogues with legislators, authorities and organisations within our sector. 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.

Key internal governance documents
Code of Conduct

Company-specific key performance indicator – Activities for maintaining relationships with decision-makers

Country	Description
Belgium	We were involved in the founding of the "Socrem" special interest group, which seeks to unite the credit management sector and collaborate with its stakeholders to shape the credit management sector in a more sustainable direction. We have also actively participated in lobbying decision-makers and other stakeholders in connection with a new bill from the Belgian government in which we advocated opportunities for voluntary repayment plans to avoid collection processes through legal bodies. Politicians have been responsive to our lobbying efforts.
Denmark	We are a member of an industry association and have thereby contributed to legislative changes associated with the sector, such as regarding government receivables.
Finland	We are a member of a sector association for Finnish credit management companies and have, through this, been consulted by decision-makers in connection with new bills.
Greece	We are an active member of a sector association and in continuous dialogue with local decision-makers regarding government bills, for example.
Lithuania	We collaborate with sector organisations and thereby participate actively to drive regulatory development forward through, for example, expressing opinions on government bills.
Norway	We have, at the invitation of the Norwegian Ministry of Justice, actively participated in submitting proposals in connection with new legislation in the sector. The bill includes strengthening competence requirements and practices in the sector, which we advocate.
Poland	We collaborate with local decision makers and authorities. We have, among other things, taken the initiative to create collaboration and discuss bills.
Romania	We are a member of the AMCC sector association (the Romanian Credit Management Association). Through this commitment, we maintain a relationship and dialogue with local decision-makers.
Switzerland	We have a leading role in the local sector organisation and have, through this, worked for the development of a Code of Conduct for the industry.
Slovakia	We are members of the ASINS trade association (association of Slovakian credit management companies). We collaborate with the Slovakian Central Bank and the Ministry of Justice.

Country	Description
Spain	We are members of a national sector organisation, in which our local Country Manager is the chairman. We are conducting activities within several initiatives to promote the development of legislation in the sector, as Spain's credit management market is unregulated. The organisation has, for example, launched an ethics code to promote ethical collection.
Sweden	We are active members of the Swedish Financial Supervisory Authority's network "enjoy your finances" the purpose of which is to contribute to increased knowledge about personal finances in Sweden. Member of the Swedish collection sector association "Svensk Inkasso", and thereby consulted on various sector-specific bills.
UK	We are collaborating closely with decision-makers at various levels, for example through membership in several trade unions relevant to the sector. We serves on the board of the member organisation "The Money Advice Liaison Group" which collaborates with organisations to improve the circumstances of individuals in debt. We are also a member of the trade organisation "Lending Standards Board", and the industry organisation "Credit Services Association".
Czech Republic	We are members of a local sector organisation.
Germany	We are active members of several sector organisations, chambers of commerce and expert panels.
Hungary	We cooperate closely with decision-makers at various levels, through regular contact with, among others, the central bank and the Ministry of Justice. We are also a member of the national sector organisation.
Austria	We are a member of the collection trade association (IVÖ) and thereby involved in lobbying.

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 occurs primarily through our business travel and the energy supply to our offices.

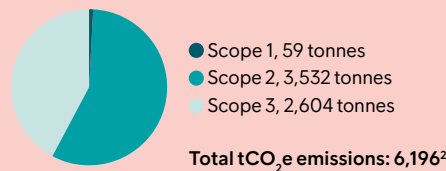
In 2018, we began measuring the climate and environmental footprints of our operations within scopes 1, 2 and 3 of the Greenhouse Gas Protocol. Over the year, we developed the process through a digital data collection platform.

Key internal governance documents

Environmental instructions
Travel Policy
Instructions for company cars
Code of Conduct

Data for calculating our greenhouse gas emissions in scopes 1, 2 and 3 have been collected from the offices that have been part of the Group for at least six months of the year. The data have been gathered through own measuring systems, invoices and, to a limited extent, from 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 WWF and the Green House Gas (GHG) Protocol. In 2020, our total reported emissions decreased from 6,808 tonnes to 6,196 tonnes, which corresponds to about 9%. Our emissions in scope 2 have increased from 1,815 tonnes in 2019 to 3,532 tonnes this year, as the number of offices included in the report increased from 90 offices to 180 offices. Our emissions in scope 3 decreased from 4,819 tonnes in 2019 to 2,604 tonnes this year as a result of significantly reduced travels during the pandemic.

Our climate footprint, reported CO₂e¹ emissions



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, heating and cooling.

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

1) Global Warming Potential 100 (The Intergovernmental Panel on Climate Change 2014).

2) The Scope 2 emissions are reported with location based method.

GRI 305-1, 305-2 and 305-3 Emissions (tCO₂e)

	2020	2019	2018
Scope 1	59	174	155
Scope 2	3,532	1,815	2,886
Scope 3	2,604	4,819	5,413
Total	6,196	6,808	8,454

Responsible value chain and partnerships

For us, it is important to work with companies that share our values of good business ethics. In addition to our clients and portfolios, which are the core of our supply chain, this also applies to the purchases we make for our offices, when we purchase services and, in particular, to the partner networks we work with to serve our clients globally.

Key internal governance documents

Code of Conduct
Purchasing Policy

H8 Sustainability reporting index in accordance with the Annual Accounts Act

	Disclosure	Page reference
Overarching	Business model	22
Environment	Policy on environmental issues	34, 108
	Risks and their management in environmental issues	34
	Targets and results related to environmental issues	32, 35, 108
Social conditions and labor	Policy on social conditions and labor issues	26-29, 105-106
	Risks and their management in social conditions and labor issues	26-29, 105-106
	Targets and results related to social conditions and labor issues	26-29, 105-106
Respect for human rights	Policy in human rights issues	26-29, 33-34
	Risks and their management in human rights issues	26-29, 33-34
	Targets and results related to human rights issues	26-29, 33-34, 105-106
Anti-corruption	Policy in anti-corruption issues	33-34, 106
	Risks and their management in corruption issues	33-34
	Targets and results related to anti-corruption	33-34, 106

H9 Auditor's Combined Assurance Report on the Sustainability Report and statement regarding the Statutory Sustainability Report for Intrum AB (publ)

This is the translation of the auditor's report in Swedish.

To Intrum AB (publ), corporate identity number 556607-7581

Introduction

We have been engaged by the Board of Intrum AB (publ) to undertake a limited assurance engagement of the Sustainability Report for Intrum AB (publ) for the year 2020. The scope of the Sustainability Report has been defined on page 110. The Statutory Sustainability Report is defined on page 108.

Responsibilities of the Board and Executive Management

The Board of Directors and Executive Management are responsible for the preparation of the Sustainability Report including the Statutory Sustainability Report in accordance with applicable criteria and the Annual Accounts Act respectively. The criteria are defined on page 101 in the Sustainability Report and are part of the Sustainability Reporting Guidelines published by GRI (The Global Reporting Initiative) that are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility includes the internal control relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the auditor

Our responsibility is to express a conclusion on the Sustainability Report based on our limited assurance procedures and to express an opinion regarding the Statutory Sustainability Report. Our engagement is limited to historical information presented in this document and does therefore not include future oriented information.

We have conducted our engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information. A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other limited assurance procedures. Our examination regarding the Statutory Sustainability Report has been conducted in accordance with FAR's accounting standard RevR 12 The auditor's opinion regarding the statutory sustainability report. A limited assurance engagement and an examination according to RevR 12 are different from and substantially less in scope than reasonable assurance conducted in accor-

dance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQC 1 (International Standard on Quality Control) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of Intrum AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

The procedures performed in a limited review and an examination according to RevR 12 do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. The conclusion based on limited assurance procedures and an examination according to RevR 12 does not provide the same level of assurance as a conclusion based on reasonable assurance.

Our procedures are based on the criteria defined by the Board of Directors and the Executive Management as described above. We consider these criteria suitable for the preparation of the Sustainability Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

Conclusion

Based on our review, nothing has come to our attention that causes us to Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and Executive Management.

A Statutory Sustainability Report has been prepared.

Stockholm, 29 March 2021

Ernst & Young AB

Jesper Nilsson
Authorised Public Accountant

Outi Alestalo
Expert member of FAR

H10 GRI Index

GRI Standard	Description	Page reference
101	This report has been prepared in accordance with GRI Standards Core option	80-82
General disclosures		
102-1	Name of the organisation	53
102-2	Activities, brands, products, and services	53, 55
102-3	Location of headquarters	72
102-4	Location of operations	54, 83-85
102-5	Ownership and legal form	38-39, 42
102-6	Markets served	20, 54, 83-85
102-7	Scale of the organization	2-4, 38, 54-57
102-8	Information on employees and other workers	90
102-9	Supply chain	2, 107
102-10	Significant changes to the organization and its supply chain	54
102-11	Precautionary Principle or approach	35
102-12	External initiatives	105-106
102-13	Membership of associations	105-106
Strategy		
102-14	Statement from senior decision maker	6-7
Ethics and integrity		
102-16	Values, principles, standards, and norms of behavior	12-13, 27
Governance		
102-18	Governance structure	42, 103
Stakeholder engagement		
102-40	List of stakeholder groups	103-104
102-41	Collective bargaining agreements	107
102-42	Identifying and selecting stakeholders	103
102-43	Approach to stakeholder engagement	103-104
102-44	Key topics and concerns raised	103-104
About the report		
102-45	Entities included in the consolidated financial statements	83-85
102-46	Defining report content and topic boundaries	103-104
102-47	List of material topics	104
102-48	Restatements of information	103
102-49	Changes in reporting	104

GRI Standard	Description	Page reference
102-50	Reporting period	103
102-51	Date of most recent report	101
102-52	Reporting cycle	101
102-53	Contact point for questions regarding the report	101
102-54	Claims of reporting in accordance with the GRI Standards	110
102-55	GRI content index	109
102-56	External assurance	109
Topic-specific disclosures		
Finance		
205:	Anti-corruption	
103-1, 2, 3	Management approach	33-34, 106
205-3	Confirmed corruption incidents and steps taken	106
103-1, 2, 3	Management approach	33-34, 106
205-1	Operations assessed for risks related to corruption	106
Environment		
305:	Emissions	
103-1, 2, 3	Management approach	34, 108
305-1	Direct (Scope 1) GHG emissions	34, 108
103-1, 2, 3	Management approach	34, 108
305-2	Energy indirect (Scope 2) GHG emissions	34, 108
103-1, 2, 3	Management approach	34, 108
305-3	Other indirect (Scope 3) GHG emissions	34, 108
Social		
401:	Employees	
103-1, 2, 3	Management approach	26-29, 105-106
401-1	New employee hires and employee turnover	106
405: Diversity and equality		
103-1, 2, 3	Management approach	26-29, 105-106
405-1	Diversity of governance bodies and employees	106
418: Customer privacy		
103-1, 2, 3	Management approach	33-34, 105-106
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	106

GRI Standard	Description	Page reference
Company-specific issues		
Promote sustainable payments		
103-1, 2, 3	Management approach	22-24, 104
	Ethical collection	104
103-1, 2, 3	Management approach	23-24, 104-105
	Responsible selection of clients and portfolios	104-105
103-1, 2, 3	Management approach	23-24, 105
	Sound finances for our clients	105
103-1, 2, 3	Management approach	105
	Favourable payment terms between companies	105
103-1, 2, 3	Management approach	34, 105
	Sound transactions	105
103-1, 2, 3	Management approach	24, 105
	Education initiatives	105
Respected and highly trusted		
103-1, 2, 3	Management approach	33-34, 106
	Anti-corruption – Whistle-blower channel	106
103-1, 2, 3	Management approach	108
	Responsible value chain and partnerships	33, 108
103-1, 2, 3	Management approach	32, 107
	Activities for maintaining relationships with decision makers	107
Grow by making a difference		
103-1, 2, 3	Management approach	26-29, 105-106
	Well-being among employees	107
103-1, 2, 3	Management approach	26-29, 105-106
	Languages spoken	105-106

Information for shareholders

Annual General Meeting

The Annual General Meeting (AGM) of Intrum AB (publ) will be held on Thursday 29 April 2021. Due to the Covid-19 pandemic the company has decided to conduct the AGM through a postal voting procedure, which means that no shareholders will be allowed to participate in person or via delegation. Further information about how to participate will be included in the notification which 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 2020 fiscal year, the Board proposes to the Annual General Meeting that a dividend of SEK 12 (11) per share be paid.

Financial information 2021

Annual General Meeting 2021..... 29 April
 Interim report January–March..... 29 April
 Interim report January–June..... 22 July
 Interim report January–September..... 21 October

Additional information from Intrum

Financial reports are published in Swedish and English and can be ordered from Intrum AB, Communications 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 and Sustainability Report can be ordered in printed format via ir@intrum.com or from Intrum AB, Communications Department, SE-105 24 Stockholm, Sweden. The Annual Report and Sustainability Report can also be downloaded as a pdf via www.intrum.com.

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